EIGHT PAGES
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INSIDE TODAY

THE JERUSALEM POST

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Shultz mission fails to show progress

By MENACHEM SHALEV
Jerusalem Post Reporter

Secretary of State George Shultz told a press conference in Jerusalem yesterday that his mission in the Middle East has yet to show any progress. He is searching for "other possible ways" - in addition to the international conference idea - to bring Israel and Jordan to direct negotiations.

But *The Jerusalem Post* learns that the procedural formulas suggested by Shultz to Prime Minister Shamir during his three days of talks here all include an international "opening" to peace talks with Soviet participation. Shultz apparently regards suggestions of a prearranged interim solution involving Jordan, which would lead directly to negotiations with it – without any Soviet role – as unrealistic.

Thus, it was unclear last night whether Shultz's public statements meant that the U.S. had abandoned the international conference idea in light of Shamir's adamant opposition, or whether it was trying to secure Shamir's agreement to a formula, similar to the international conference in substance but not in name.

Shultz said that the sides were "continuing to scratch their heads" about how to achieve direct negotiations, and that meant "rearranging" ideas that had been raised in the past. "Maybe what we are talking about doesn't work," he said, and therefore "we have to look for other ways."

"An international conference as such doesn't have any particular interest for the U.S.," Shultz said. The only function of international "umbrellas, auspices or a conference" is to achieve direct negotiations which will achieve peace.

Sources in the Prime Minister's Office claimed that Shultz's visit has finally shown Foreign Minister Peres that "the international conference won't work" and that the sides are now exploring other "devices" for achieving direct negotiations.

Shultz held a final working meeting with Shamir last night, after he and his wife, Helena, had dinner with Yitzhak and Shulamit Shamir.

Shultz implied that he considers Shamir's opposition to the conference idea as final. Saying that the prime minister's assessment of the risks involved in the international conference were "understandable," Shultz said that he "was not trying to talk anybody into or out of any particular thing," and that "we must find some avenue that we can all feel comfortable with.

"We hope that we will gradually get somewhere," Shultz said, adding that there had been "considerable progress" recently.

The secretary announced officially for the first time that in addition to Shamir's informal visit to the U.S. on November 20, the prime minister would make a formal visit to Washington "next year" – an election year in both countries.

Shultz has "things to talk about with King Hussein" when he meets him in London today. He said that "in the past" the Soviet role in the advancement of peace had "not

(Continued on Page 2, Col. 3)

'Israel must take risks in the search for peace'

By BERNARD JOSEPHS
Jerusalem Post Reporter

REHOVOT.-- U.S.Secretary of State George Shultz yesterday launched a thinly veiled attack on Prime Minister Shamir's peace policies and called on Israel to take risks in the search for a Middle East settlement.

The American statesman, in the most outspoken statement of his visit here , did not mention the premier by name; but his remarks seemed clearly designed to prod Shamir into dropping his blanket objection to an international Middle East peace conference -- or come up with a viable alternative.

"We know that no-one - not the U.S., not Israel, not the Arabs - improves the chances for peace by doing nothing at all, by just sitting around. Those who are reluctant to explore new ideas, those who resist old ones, have an obligation to offer something different as an alternative to the status quo," said Shultz

Vice Premier Peres, who supports an international conference, sat beside Shultz in the Weizmann Institute auditorium yesterday where the secretary of state was awarded an honorary PhD.

In his address, Shultz warned that "for as far ahead as we can see" tension will breed increasing instability and violence. "Today," he went on, "weapons once thought sophisticated are easier to make, cheaper to buy and harder to trace in an expanding global arms market.

"Iran's use of Chinese Silkworm and Soviet Scud missiles and the hideously growing use of chemical weapons on both sides of the Iran-Iraq conflict are grim examples."

Such problems, said the secretary of state, demanded urgent solutions. And , while they were not of Israel's making, "Israel must all the same take a leading part" in the search for solutions.

He continued: "Surely, there are risks in such a process. But equally surely there are risks to – and immense opportunities forgone by – Israel and its neighbours not accepting those risks. No-one helps the chances for peace by doing nothing.

"Each day must bring an exploration of ideas and a search of the imagination to break the deadlock.

(Continued on Page 2, Col. 4)

Eight prominent Palestinians boycott Shultz

By ELAINE RUTH FLETCHER
Jerusalem Post Reporter

Eight prominent Palestinians boycotted a planned meeting here with Secretary of State George Shultz yesterday – and Shultz later said the Palestinians had "missed something by not taking part in an invitation to dialogue."

Shultz, speaking at a press conference in Jerusalem, said it was "contradictory" for Palestinian leaders to demand that their views be heard, and then to refuse a meeting.

A small group of Palestinians demonstrate outside George Shultz's hotel in Jerusalem yesterday. (Reuter)

But he also said that a number of the invitees apparently backed out after being threatened.

"That only reminds us that peace has enemies," Shultz said. "The enemies of peace are not being constructive here. The enemies of peace and the purveyors of violence – what have they achieved for the Palestinian people? Nothing. You can achieve more by dialogue and by constructive work."

Despite earlier reports that Shultz might merely cancel the meeting, U.S. Consulate officials waited at the Hilton Hotel doors at the 4:30 p.m. scheduled meeting time in the futile hope that at least some of the eight Palestinian invitees might appear.

Meanwhile, just outside the hotel, about 20 Palestinians marched with pickets protesting against Israeli policies impeding immigration to the territories for family reunification.

But Shultz, in his press conference, rejected comparisons between the Soviet Union's restrictive emigration policies and Israel's strict limits on immigration.

"I don't know of any limitations on emigration (from the West Bank)," said Shultz. "There are problems in the occupied territories. As issues arise, some that fall under the category of human rights, other issues as well, we discuss them with the government of Israel .... But if *you are inferring that what's the* case on the West Bank and what's the case in the Soviet Union are similar, I certainly can't agree with that at all."

Shultz added that progress had been made on improving the quality of life in the territories and in creating more opportunities for self-government under the occupation.

"There are many things that have been done, and I've been working on them recently, that are designed to improve the general quality of life," Shultz said.

The Palestinian boycott of the

(Continued on Page 2, Col. 5)

STORMS SWEEP MIDDLE EAST

At least four die as floods hit South

An Israel Air Force rescue helicopter crewman gets ready to extricate Beersheba residents trapped in yesterday's fierce flooding. (Scoop 80)

Jerusalem Post Staff

At least four people died and three others disappeared as violent storms and flash floods caused havoc in the southern part of the country and elsewhere in the Middle East yesterday.

The rain is expected to continue today, but with reduced intensity, the Meteorological Service said. But no rain is forecast for tomorrow or Wednesday.

Scuba divers joined the search in the Negev yesterday for a man who was apparently swept away by floods near Nahal Nikrot, and two youths, aged 21, who have been missing since Saturday evening in the Mt. Ramon region.

Two other young men and a 65-year-old woman from Khan Yunis died after they were hit by lightning there. An eight-year-old Beduin boy was found dead after a brief search in Beersheba.

One of the three missing persons, a young man, was swept away on Saturday night as he tried to rescue the passengers of a car which ill-advisedly attempted to ford a torrent pouring across the Eilat-Beersheba highway.

Rescue workers said they feared the other two, a couple, had also been swept away by the same swollen flood.

In southeastern Sinai, 20 people were reported killed and at least 100 missing after heavy flooding on Saturday struck the area, sweeping away hundreds of mud homes, and blacking out some areas. Officials in

(Continued on Page 2, Col. 3) .

Worst weather in Britain since 1703

By DAVID HOROVITZ
Jerusalem Post Correspondent

LONDON. -- Late last Thursday night, BBC weatherman Michael Fish told viewers in England: "A woman just rang in to say she'd heard there was a hurricane on the way."

"Well don't worry," he assured them, "there *isn't*."

Hours later, 192 kilometres per hour winds blasted across the south-east of the country, leaving at least 19 people dead, hundreds injured, thousands of buildings wrecked, and tens of thousands of homes without electricity.

Britain yesterday was still recovering from Friday's weather disaster -- the worst since 8,000 died in a November 1703 hurricane.

Engineers were working to restore power to houses all over the south-east, trees were being winched out of roads, and farmers were doing their best to save acres of flooded land and to find new grazing areas for their livestock.

A major subject of conversation at the most tranquil of times, the weather has been positively obsessing Britain this past weekend, with the main talking point being the relatively small number of fatalities given the enormity of the damage

Another group of 12th-graders doesn't want to serve in areas

By LEA LEVAVI
Jerusalem Post Reporter

TEL AVIV. – Another 34 12th-graders – bringing the total up to 50 from 16 last month – have written to the defence minister saying they do not want to serve in the territories for reasons of conscience.

The letter sent yesterday was identical in wording to the one that the previous 16 sent on September 28. The objectors wrote: "We Israeli young people before induction into the IDF see Israel's rule in the occupied territories as a real danger to the future of Israeli democracy and society and a barrier to peace. We were all born after 1967 into a situation which has turned the IDF from a defence army into an occupying and repressive army. Service in the Israel Defence Forces is very important to us. Therefore we ask you, Mr. Defence Minister, to allow us to serve within the Green Line and not to compel us to participate in acts of oppression and occupation in the territories, because this is against the dictates of our conscience, and we cannot do it. If we are ordered to take part in acts of oppression, we will be forced to refuse."

More letters will follow, predicted Amit Lewenhoff, who signed the first letter and is spokesman for the conscientious objectors.

"We keep being contacted by more and more kids; when we were at the theatre festival in Acre, they approached us there, and others call us in response to articles in the papers."

In addition to the letters, the youngsters are circulating a petition which, they hope, the public will sign in support of their actions.

Eitan Haber, spokesman for the defence minister, said he had not yet received the letter and could not respond, though he imagined that the response would be the same as last time – namely, that the law requiring compulsory army service applied to all equally, and all soldiers would have to serve wherever the army needed them.

London stands by int'l parley

Jerusalem Post Correspondent

LONDON.– A plea to the Thatcher administration from Yossi Ben-Aharon, director-general of the Prime Minister's Office, that it drop its support for an international conference and instead push King Hussein towards direct talks with Israel, *has fallen on deaf ears.*

Sources in Whitehall have told *The Jerusalem Post* that both Prime Minister Thatcher and Foreign Secretary Geoffrey Howe were adamant in their belief that an international conference is "the only way forward for the peace process."

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Carter invites Likud MKs to meet Arab, Chinese and Soviet officials

By MENACHEM SHALEV
Jerusalem Post Reporter

Likud MK's Dan Meridor and Ehud Olmert are the two Israelis invited by former president Jimmy Carter to participate next month in a Middle East "consultation" in Atlanta, Georgia, alongside top-level Arab, Chinese and Soviet officials.

Arab invitees to the conference include Jordan's Minister of Court, Adnan Abu Odeh; Egyptian Presidential aide Osama el-Baz; Iraq's Ambassador to Washington Abdulamir Al Anbari and its ambassador to the UN Ismat Kittani; and Hanna Siniora, the editor of the East Jerusalem daily *Al-Fajr*. China will be *represented by its permanent representative* to the UN, Li Luye, and the Soviet Union by Alexander Zotov, foreign relations consultant for the Soviet Communist Party.

Olmert and Meridor have yet to give their final agreement and are awaiting "clarifications" from the organizers, the Carter Center of Emory University in Atlanta.

Hammer: Swedes key to Afghan peace

ISLAMABAD (Reuter).-- U.S. oil magnate Armand Hammer said yesterday that a Swedish-led international peacekeeping force played a key role *in his plans for an Afghan* peace settlement.(See Kabul page 3).

Hammer said after meeting Pakistani leaders here that Sweden's deputy *foreign minister* "indicated that Sweden would accept such a role" during preliminary talks in Los Angeles.

Hammer, head of Occidental Petroleum, has visited Kabul, Moscow, Rome and now Islamabad in recent days in a one-man crusade to end the nine-year-old guerrilla war.

His plan centres on establishing a coalition government to take over after a withdrawal of an estimated 115,000 Soviet troops from Afghanistan.

The plan envisions a UN observer group, an international peacekeep*ing force and the appointment of the* son-in-law of exiled Afghan King Zahir Shah as prime minister.

Hammer, 89, speaking in a telephone interview, said he believed the plan was acceptable to the Soviet, Afghan and Pakistani governments, and the former king.

Asked whether the Afghan leader, Najibullah, would be president, something seen by analysts as a barrier to rebel acceptance of his plan, he said that that would have to be decided.

"There's a lot of *things* to be worked out, this is just the framework," . he said.

Tel Aviv toasts end to garbage problems

By JONATHAN KARP
For The Jerusalem Post

TEL AVIV. -- City Hall and municipal sanitation drivers signed a new contract yesterday, ending nearly six months of acrimony with a toast to better relations and a pledge to clear the garbage heaps away within a few days.

"It's signed and sealed," municipal spokesman Benny Cohen said after Eli Eshet, the city manager, and Arye Nitsan, chairman of the municipal workers' union, put their signatures on the agreement. "We hope that by the end of the week Tel Aviv will not be so ugly."

Echoing Cohen's optimism, Shalom Darhi, chairman of the drivers' committee, said his men would return to the job this morning and were willing to work around-the-clock to clean the city's streets.

Twelve days of sanctions and two days of rain have left the streets strewn with refuse.

Cohen said that the sanctions would certainly have led to Tel Aviv's worst garbage crisis had the municipality not handed out plastic garbage bags, which reduced the odor, and had the public not cooperated by using private vehicles to transport garbage to the huge dump east of the city. The municipality will continue to distribute the bags free of charge even after the clean-up gets under way, he said.

After long negotiating sessions on Saturday, the drivers agreed to essentially the same proposal that Mayor Shlomo Lahat made to them before the beginning of Succot. The contract calls for a 30 per cent pay increase and a reorganization of the entire garbage collection system.

In effect, the agreement seems to be a victory for Lahat, but neither he nor other municipal officials will admit it. "It's a victory for common sense," the mayor said yesterday. "I am happy that the disruptions are over and from now we will reorganize the cleaning process in the city."

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The weather at major Swissair destinations

18.10.87

	MIN. C	MIN. F	MAX C	MAX F	
AMSTERDAM	8	46	17	63	Clear
BRUSSELS	10	50	16	61	Clear
BUENOS AIRES	10	50	22	71	Clear
CHICAGO	9	48	12	54	Cloudy
COPENHAGEN	6	43	15	59	Clear
FRANKFURT	6	42	16	61	Cloudy
GENEVA	12	50	16	61	Clear
HELSINKI	5	41	15	59	Rain
HONG KONG	26	79	28	82	Cloudy
JOHANNESBURG	12	54	26	79	Clear
LISBON	11	52	20	68	Clear
LONDON	11	52	17	63	Clear
MADRID	4	39	19	66	Cloudy
MONTREAL	7	45	16	61	Cloudy
NEW YORK	11	52	20	68	Clear
OSLO	8	46	12	54	Cloudy
PARIS	7	45	17	63	Cloudy
RIO DE JANEIRO	16	61	34	93	Cloudy
SAO PAULO	18	64	25	77	Cloudy
STOCKHOLM	3	37	11	52	Cloudy
TOKYO	19	66	27	81	Clear
TORONTO	3	37	17	63	Cloudy
VIENNA	10	50	11	52	Rain
ZURICH	5	41	14	57	Cloudy

*For the latest weather conditions contact Swissair.

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THE WEATHER

Forecast: Partly cloudy to cloudy, with some rain. These is a possibility of floods in the low-lying region.

	Yesterday's Humidity	Yesterday's Min-Max	Today's Max
Jerusalem	68	13-21	20
Golan	82	15-23	22
Nahariya	69	21-26	25
Safad	71	15-22	20
Haifa Port	72	19-25	25
Tiberias	60	19-27	26
Nazareth	–	17-23	23
Afula	94	16-26	25
Shomron	86	16-22	21
Tel Aviv	76	18-24	24
B-G Airport	89	17-22	22
Jericho	86	18-25	25
Gaza	73	21-24	24
Beersheba	78	17-22	22
Eilat	43	20-29	28

SOCIAL & PERSONAL

On the occasion of the 25th anniversary of the founding of Life-Line for the Old, a gala dinner will be held at the Ram Hotel at 7 p.m. on Tuesday in honour of the staff and volunteers in Israel and abroad who have worked for Life-Line since its inception.

Dr. Bernard Reznikoff, of the American Jewish Committee, and Rev. Petra Heldt, of the Ecumenical Theological Fraternity, will discuss Jewish-Christian relations in Israel's 40th year, at 8 p.m. tonight at the Centre for Conservative Judaism, 2 Agron Street.

Italian tourist killed in crash on Arava road

EILAT (Itim). – A 50-year-old tourist from Italy was killed yesterday morning when the car in which she was travelling overturned on the Arava road. Another passenger, also an Italian tourist, aged 54, was seriously injured. He and the car's driver, a Petah Tikva resident, aged 43, who was lightly injured, were taken to Josephtal Hospital in Eilat.

A Kiryat Haim resident, Ya'acov Vaknin, 28, and his five-year-old son, Eliran, were killed on Saturday night when the car in which they were travelling crashed into a lorry in Kiryat Shmuel. Another son, Idan, 3, was severely injured and Vaknin's wife, Shoshana, 25, received minor injuries.

Second suspect in rape-murder

TEL AVIV (Itim). – Police yesterday arrested a second suspect in the rape and murder last Wednesday night of an elderly physician in her succa near her home on Rehov Arlosoroff here.

The magistrates' court remanded the suspect in custody for four days and banned publication of his name.

The suspect, 29, has a criminal record that includes sex crimes. He aroused police suspicion when he returned to the home of the victim, Dr. Miriam Vilamovsky, on Friday morning.

Peres calls for unity

Jerusalem Post Reporter

Jews cannot afford to be divided in the face of an ever shrinking Jewish population, Foreign Minister Peres said last night. Speaking at an Ariel United Israel Institutes dinner honouring hotelier and philanthropist Yekutiel Federmann, Peres urged that greater priority be attached to Jewish unity and called for concessions and respect from religious Jews towards their secular brethren and vice versa.

Minimum wage up

By JEFF BLACK
For The Jerusalem Post

Labour and Social Affairs Minister Moshe Katsav has signed an agreement increasing the legal minimum wage to NIS 581.31 a month, starting from this month.

The increase includes October's 5.5 per cent cost-of-living allowance despite initial opposition from the Treasury. The Finance Ministry had claimed that the minimum wage should only rise to NIS 553 according to the minimum wage law passed by the Knesset.

Soldiers open fire at refugee camp, hit 14-year-old in leg

Wave of incidents in territories

By JOEL GREENBERG
Jerusalem Post Reporter

Fresh unrest was reported yesterday in the West Bank and Gaza Strip, apparently in response to the visit by U.S. Secretary of State George Shultz. Palestinian sources said a youth was injured when troops opened fire on protesters in the Jebalya refugee camp near Gaza.

Ziyad Shashtari, 14, was hit in the leg when troops opened fire on youths who pelted them with rocks, according to the Palestinian sources. They said troops later arrived at Shifa Hospital in Gaza, where the youth had been admitted, and arrested him. The IDF spokesman could not confirm the report. Students at the Al-Azhar Institute in Gaza left classes to protest against the Shultz visit, and threw stones at troops who dispersed them with tear gas, the sources said. They said demonstrators were also held in the Maghazi and Bureij refugee camps, and students struck classes in Rafah and Khan Yunis.

In the West Bank, a petrol bomb was thrown in broad daylight at an Israeli car near Rachel's Tomb in Bethlehem, but no-one was injured and no damage was done. It was the second petrol bomb attack in the area in the past week. Two petrol bombs were thrown last night at a bus on the Bir Zeit bypass road, but they exploded without doing any damage.

At the Hebron Polytechnic Institute, students burned tyres and set up stone barricades. Military sources said the students tried to organize a demonstration at a neighbouring girls' school, and were dispersed by troops. Palestinian sources said troops surrounded the campus and arrested 39 persons, but all but two were released.

Students at the Nurses Training College in Al-Bireh hurled stones at cars and burned tyres, but later dispersed after Civil Administration officers spoke with the college administrators, the sources said. Stone-throwing incidents were also reported in Ramallah, and a protest march was held in Jenin.

Military sources confirmed Palestinian reports that a teenager from the Balata refugee camp was wounded on Saturday by IDF gunfire. The sources said several dozen demonstrators had burned tyres, raised Palestinian flags and thrown stones at an IDF lookout point. When troops were endangered, the local commander approved firing at a protest leader with a sniper rifle. The youth, Nasser a-Din al-Asi, 15, was wounded in the leg. He was hospitalized at Rafidiya Hospital in Nablus but was later released, the military sources said.

Al-Masri murderers convicted

By JOEL GREENBERG
Jerusalem Post Reporter

Two Palestinians were convicted yesterday in Nablus military court of assassinating Nablus mayor Zafer al-Masri last year on orders of the Popular Front for the Liberation of Palestine. The verdict will be pronounced on Wednesday.

Mu'ayid Abdel Samad, 25, of Anabta, near Tulkarm, and Ahmad Hanani, 31, of Beit Furiq, near Nablus, were found guilty on the basis of their confessions and evidence submitted against them. The prosecution requested life sentences. Abdel Samad had been charged with shooting al-Masri on March 2, 1986, on the steps of the Nablus Municipality building, while Hanani provided cover and drove a getaway car.

Hanani was also convicted of killing an Israeli, Albert Buchris, in Nablus in June 1985, and both men were found guilty of killing Border Policeman Jamil Faris in Nablus in January 1986. The two men were also convicted of several attempted murders of Israelis and a murder attempt this year against the mayor of Jenin, Abdallah Lahlouh.

In Gaza, security forces have arrested men suspected of killing Military Police Captain Ron Tal on August 21, and Jalil Jarusi, a member of Moshav Melilot on May 25, military sources said. The suspects were arrested during a recent roundup of dozens of members of the Islamic Jihad movement, which is believed to be behind a spate of recent attacks on Israelis in Gaza.

Broadcast ultimatum

By GREER FAY CASHMAN

The management of the Broadcasting Authority last night issued an ultimatum to all employees – drastic revision of work procedures or closedown of radio and television–at the end of a marathon meeting.

Earlier in the day, Education Minister Yitzhak Navon broached the subject of closure at the cabinet session.

But closedown is a step that no-one wants to take. The management proposed a five- point plan which the National Association of Journalists agreed to consider, but called "sand in our eyes."

The plan calls for:

* a 25 per cent pay hike across the board on condition that the tenured work force is reduced by 20 per cent - approximately 320 workers - with cutbacks in manpower in all sectors,
* a guarantee from the the workers of long-term industrial quiet,.
* the reorganization of the labour unions within the Broadcasting Authority into a single representative body,
* the immediate use of electronic newsgathering equipment which has been gathering dust for over a decade and the manning of mobile units,
* the agreement by all sectors within the IBA to abide by regulations related to outside employment.

It is doubtful that any of these proposals will be met.

Kupat Holim Clalit dispute broadens

By JUDY SIEGEL
Post Science and Health Reporter

Kupat Holim Clalit hospital doctors and pharmacists, government and health fund hospital nurses and government hospital laboratory workers resumed their sanctions yesterday, after getting a flat "no" from their employers when they asked for wage increases.

The health professionals thereby joined the hospital anesthesiologists, who have been working to rule for several months.

Shamir says public feels safer with increased security measures

Jerusalem Post Reporter

The public has a greater sense of security after measures taken lately by the police and the Israel Defence Forces, and the General Security Service, Prime Minister Shamir said at the weekly cabinet meeting yesterday.

Shamir spoke after briefings by Defence Minister Rabin and senior IDF officers, Police Minister Haim Bar-Lev, and police Inspector-General David Kraus, and the head of the GSS. The briefings and the questions put by ministers were classified, and no details were officially released to reporters.

However, it is understood that considerable time was devoted to the clash on the Temple Mount last week and to the murder the weekend before of Yigal Shahaf in the Old City of Jerusalem.

Rabin was flanked by Chief of General Staff Dan Shomron and by the officers in charge of the Northern, Central and Southern Commands. The OCs of Central and Southern Command gave details of the role played by Moslem fundamentalist groups in the recent serious unrest in the Old City and in the Gaza Strip.

Shamir, summing up the briefings, noted the large number of public events staged in Jerusalem and elsewhere during the fortnight since the previous cabinet session, and the measures taken by the police to protect the crowds and maintain order. He also noted that many thousands of holidaymakers in Galilee were able to spend their vacations undisturbed, thanks to the special precautions taken along the Lebanese border.

The Jerusalem Post understands that while one minister mentioned the need to rediscuss the option of the death penalty for murders by terrorists, his point was not taken up by anyone else. On this matter, Cabinet Secretary Elyakim Rubinstein reminded reporters that Shamir said last week that "the issue would come up for discussion in an appropriate forum once a groundwork study had been carried out."

Shamir also said that the status quo on the Temple Mount with respect to prayers by Jews would not be changed, and that worshippers would be prohibited from entering the site, individually as well as in groups.

FLOODS

(Continued from page one)

Lebanon and Jordan reported fatalities as well.

Adding to the consternation in the Negev, a small earthquake shook Eilat early yesterday morning. Avi Shapira, chief seismologist at the Institute for Petroleum Research and Geophysics in Holon, said that there was no connection between the storms and the earthquake, which registered 4.7 on the Richter scale and caused no damage.

Air Force helicopters were busy yesterday rescuing stranded travellers in the Negev. At Nahal Tzehelim, they plucked motorists off the roofs of their cars; three miles south of Ein Gedi, they evacuated people trapped in a landslide.

All roads to and from Eilat were blocked because of the heavy flooding. Flooding also made it almost impossible to leave Beersheba, where over 15 mm of rain and hail fell.

"Our guests extended their stays, as there was no way to leave the city," Yossi Cordova, deputy manager of the Beersheba Desert Inn told *The Jerusalem Post*.

The weather was a disaster for Israel's neighbours as well.

Trapped vehicles were stalled helplessly in the Wadi Watir region, 30 kilometres northwest of Nueiba. A massive Egyptian helicopter rescue operation set out to save stranded victims.

No reports of casualties among Israeli campers in Sinai have been received by officials at the Israeli border checkpoint at Taba.

A powerful thunderstorm northeast of Amman claimed four lives and caused injury to 27 people in Jordan, government officials said.

In Lebanon's Beka'a Valley, rescue workers were attempting to save 20 villages struck hard by the rains.

NO PROGRESS

(Continued from page one)

been constructive," citing its part in scuttling the Jordan-PLO agreement. He added, however, that he hoped to detect in his talks in Moscow "a more constructive" Soviet frame of mind.

Shultz's understanding for Shamir's position appeared to contradict what he said earlier at the Weizmann Institute, where he read from a text prepared well in advance. In Rehovot he spoke harshly of the "reluctance to explore new ideas or even revisit old ones," and said that failure to explore opportunities for peace "might be that one serious mistake" which Israel cannot afford to make (see separate story).

Shultz said later in Jerusalem that his words had been aimed at anyone in Israel, but observers noted that the secretary seemed to be employing a "carrot and stick" approach with Shamir.

At the press conference, Shultz spoke of the psychological importance of progress in the peace process, because otherwise some people might feel that "nothing can be better" and resort to desperate means, such as terror.

On the issue of Soviet Jewry, Shultz embraced Shamir's formula of "repatriation," saying that it "would be wonderful" if it became possible to secure exit visas for Soviet Jews on that basis. He expressed his support for allowing Soviet Jews freedom to choose where they wanted to go, but added that Ida Nudel's words to him that she is "home" in Israel contained a "deep message."

Shultz is scheduled to leave this morning for Cairo where he is to meet with President Hosni Mubarak. Later today he is to fly to London for meetings with Jordan's King Hussein.

ANDY COURT adds:

Senior Jerusalem officials were gratified by Shultz's visit to City Hall yesterday, noting that he was the first U.S. secretary of state to make such a visit since the reunification of Jerusalem in 1967.

At a brief ceremony in the council chambers, Kollek presented Shultz with a plaque bearing an ancient map showing Jerusalem at the hub of three continents.

City officials are still not sure whether French Prime Minister Jacques Chirac will agree to meet with Kollek at City Hall at the beginning of November.

RISKS

(Continued from page one)

Each day must bring renewed activity in those positive elements that already exist, the Egyptian - Israeli relationship and the quality-of-life effort in the West Bank and Gaza, in order to prove by example that practical steps get people closer to the goal of peace."

"At the same time," he stressed, "Israel must see that increasingly it has a tremendous stake in attaining a more formalized peace with its neighbours. It is more than ever true that Israel cannot afford to make even one serious mistake in the calculus of strength and diplomacy. But it is also more than ever true that serious opportunities for peace must be explored with energy, unity and resolve. Failure to do so may turn out to be that one serious mistake."

The pursuit of peace in the Middle East, said the secretary of state, required "steadfast resolve." He went on:"We cannot wait for ideal conditions to arise. We must work steadily, here and now, and within the realms of possibility.

"As Israel does this America will be with her every step of the way as a faithful ally and a perpetual friend," pledged Shultz.

Earlier, Peres told the audience of academics and scientists that there was a "deep willingness" among the Israeli people to find a new way to a peaceful resolution of the conflict with the Arab world.

There were no simple solutions, he said. And Israel did not believe that survival could be assured by power alone. "We must have the courage to initiate a creative process, a new direction, a new grassroots belief that hatred, suspicion and intolerance are not the inescapable lot of the Middle East."

PALESTINIANS

(Continued from page one)

Shultz meeting represented the first ever refusal of Arab leaders from the territories to meet here with U.S. officials, observers said. The boycott was organized by the PLO in response to Washington's planned closure of the PLO information office in Washington.

Widespread strikes in the territories were staged to support the boycott (see story, page 2). All East Jerusalem newspapers except *An-Nahar* yesterday advised the Palestinians not to meet with Shultz. And *Al-Fajr* suggested that anyone who did meet with Shultz could be considered a "suspicious character."

Some Palestinians suggested they disagreed with the boycott strategy, but weren't willing to break ranks with the group.

"It's not correct to say people were intimidated. But I wasn't going to be the person on my own to dissent from what the general Palestinian position seemed to be," said Gaza doctor Khatem Abu Ghazzala, who declared that the PLO was the only viable leadership in the territories.

Deposed Gaza mayor Rashad Shawwa was also quoted in the Arabic press as saying that he didn't want to create a split in Palestinian ranks by attending the meeting.

In addition to Shawwa and Abu Ghazzala, others reportedly invited included Nablus businessman Said Kanaan, Ramallah businessman Suheil Jedoun, Hebron businessman Kamal Hassuneh, Beit Sabur Mayor Hannah al-Atrash, Hebron businessman Fayez Kawasme and Radwan Abu Ayyash, head of the Arab Journalists' Association.

An IDF tank comes to the rescue of a driver caught yesterday in flash flooding near Beersheba (Reuter)

Honey and a place of honour for Ida Nudel at Beit Hanassi

By JUDY SIEGEL/Jerusalem Post Reporter

Ida Nudel yesterday sat in a chair bearing her name in Israel's presidential residence, a chair that had remained symbolically empty for the last five years.

On the third day after her arrival from Moscow, Nudel was the guest of President Chaim Herzog and his wife Aura. She arrived at the presidential residence accompanied by her sister Ilana Fridman; Ilana's husband, Arye; and the Fridman's son Ya'acov, who was their chauffeur as well. Herzog, who in recent years lobbied foreign leaders to press for Nudel's release from the USSR, asked her about her tribulations during the 16 years she waited for an exit visa.

The former Siberian exile and her sister were presented with containers of honey in straw baskets – a symbol of a sweet new year – by Mrs. Herzog. They were guided by the president through the Beit Hanassi reception hall and the garden.

Nudel identified by its Russian-style a picture in one of the display cases, a gift to Herzog from a Russian Orthodox patriarch from Moscow.

"But you are the most important Russian here," smiled Mrs. Herzog.

"I'm not Russian, I'm a Jew," Nudel responded.

As photographers flashed their cameras at them, Ilana Fridman told Herzog: "This is really the first time you have ever seen us smiling."

"But you are the most important Russian here," smiled Mrs. Herzog.

"I'm not Russian, I'm a Jew," Nudel responded.

BENJAMIN BARAM adds:

Last night, Herzog and Nudel joined cabinet ministers and other dignitaries in Tel Aviv at a festive performance by the Israel Philharmonic Orchestra marking the 30th anniversary of the inauguration of the Fredrick R. Mann Auditorium.

Nudel was invited by Tel Aviv Mayor Shlomo Lahat to the stage and addressed the audience briefly.

The concert was conducted by IPO musical director Zubin Mehta and also featured world famous Italian pianist Maurizio Pollini.

The curtain-raiser was Noam Sheriff's *Festival Prelude* which was composed in 1957 especially for the opening concert of the new hall.

Cabinet o.k. for Medina

By ASHER WALLFISH
Post Knesset Correspondent

The cabinet yesterday approved the appointment of Victor Medina as director-general of the Finance Ministry, replacing Emmanuel Sharon, who is to take up a senior post with the World Bank.

Minister-without-Portfolio Yigael Hurvitz cast the sole opposing vote, charging that Medina, as head of the monetary department of the Bank of Israel, authored "a murderous interest rates policy which caused serious harm to the country's commercial and productive sectors."

Finance Minister Moshe Nissim, who chose Medina, said that his candidacy had been discussed a number of times before it was finally approved, and that all the possible factors had been taken into consideration.

Housing Minister David Levy told Hurvitz that the interest rates policy had been approved by the government and that it was inappropriate to pin the blame for it on any one official.

Medina, 48, was born in Egypt and settled here in 1957. After his IDF service he acquired an M.A. in economics at the Hebrew University.

He has worked at the Bank of Israel for the past 20 years, setting up the monetary department in 1982. He was appointed a senior member of the bank's inner directorate.

Mapam MK Yair Tzaban, of the Knesset Finance Committee, joined those who harshly criticized Medina's appointment. In a statement last week he said the appointment symbolized the strengthening of the "monetarist forces" within the government, and the preference of financial and speculative elements at the expense of industry and agriculture.

The cabinet also approved the appointment yesterday of Dr. Yoram Lass as director-general of the Health Ministry. No ministers voted against his appointment but Minister-without-Portfolio Yosef Shapira asked Health Minister Shoshana Arbeli-Almoslino to explain why her ministry changed its directors-general after such short terms. She did not reply. Shapira was evidently referring to the fact that the outgoing director-general, Dr. Dov Golan, held the job for only 10 months.

BASKETBALL

Hap Holon 82, Hap Haifa 71; Galil Elyon 99, Hap J'lm 95; Mac Haifa 111, Mac RG 100; Elitzur Natanya 85, Elitzur Ramla 77.

GRENADE – A grenade exploded early yesterday morning in Jerusalem in a parking lot on Rehov Hail Handassa. No one was injured and no damage was done. Police believe the grenade was not the work of terrorists but reflected criminal intent.

CORRECTION

Prof. Eliezer Berkovits is a Halachic scholar and expert on the philosophy of Judaism, who has published numerous books, and not as erroneously stated on yesterday's backpage article.

With great sorrow, we announce the death of

RICKA ALKON RUSSO ז"ל

Philadelphia Pa. USA

Shiva: 9 Shai Agnon St., Ra'anana

Eva Alkon-Katz and family, Ra'anana

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Our membership and staff mourn the passing of

BILL BERNSTEIN

Member of the National Board, Former National Treasurer,
Former Chairman of the Netanya Region,
Editor of the Netanya Bulletin,
dear friend and loyal member.

Our deepest sympathy to the family

The Chairman, Director-General and entire staff
of the
UNITED ISRAEL APPEAL-KEREN HAYESOD
express their sincere condolences to
MICKEY BLUMBERG
Director of the Israel Office of the IUA of South Africa,
on the passing of her husband

SAM BLUMBERG

We share the grief of our dear friends
MORRIS LEIGH AND FAMILY
of England on the passing of his beloved son

PHILIP.

Desiree & Yossi Carmel

Tel Aviv University
sends sincere condolences to former President of the
British Friends of Tel Aviv University,
Member of the Board of Governors,
Mr. MORRIS LEIGH AND FAMILY
of England, on the passing of his dear son

PHILIP

Prof. JUDA HIRSCH QUASTEL

CC, FRS, FRSC, FRSE (Hon.)
October 15, 1987, aged 88, in Vancouver.

In loving memory from his family
in Vancouver, Beersheba, Sheffield,
Hawaii and London

India flies in more than 1,500 troops to join Jaffna battle against Tamils

COLOMBO (Reuter). – India said yesterday it was pouring up to 2,000 extra troops into heavy fighting against Sri Lankan Tamil rebels, increasing by up to a third its forces attacking separatist guerrillas holding the port city of Jaffna.

The Indian High Commission said between 1,500 and 2,000 troops had been flown in since Friday to join 6,000 soldiers and police battling the Liberation Tigers of Tamil Eelam (LTTE).

Another 6,000 Indian police and troops are deployed elsewhere on the island to enforce adherence to an Indo-Sri Lankan pact aimed at ending four years of violence between the minority Tamil and majority Sinhalese communities.

Estimates of the Indian peacekeeping force's total strength range from 16,000 up to 25,000. Indian officials estimate Jaffna is being defended by 2,500 LTTE guerrillas.

A commission spokeswoman said troops fighting in a built-up residential zone battled their way inside the city limits on one of three fronts of the Indian attack despite fierce opposition from guerrillas armed with rocket launchers and mortars.

Indian troops abandoned attempts to advance in armoured cars for fear of harming civilians forced by the Tigers to "come out in front of" the vehicles, the spokeswoman said.

She declined to elaborate. She said she had no word on an All India Radio report that Tigers leaders had made a failed attempt to escape the city on Saturday night.

It was not clear if the reported attempt had been made by sea or boat. Indian and Sri Lankan naval gunboats patrol waters off the port, but political observers say the Tigers are continuing to supply their Jaffna bases from the sea.

Political observers said that despite the advance in the city's east the troops were still several kilometres from the centre of Jaffna, where electricity has been cut off and an estimated 130,000 remaining civilians are facing food shortages.

India also kept up its propaganda pressure on the Tigers, with politicians and officials demanding they lay down their weapons.

Political observers noted that reaction to the Indian assault on Jaffna has generally been muted so far in both Sri Lanka and India, which has a large Tamil community of its own.

An Indian official said peacekeeping force soldiers were coming under withering fire from snipers and guerrillas dug into bunkers and perched on platforms in palm trees.

Describing the Indian asssault as "fighting with our hands tied behind our backs" for fear of civilian casualties, she said: "The simplest thing would be a lightning strike to raze the whole thing to the ground." The spokeswoman said one Indian soldier had been killed and 32 injured in the past 24 hours, raising to 102 the number of Indians killed in the nine-day-old attack on Jaffna.

The rise from the last count of 80 was attributed to the confirmation of deaths of 21 Indians previously listed missing.

She said 12 Tigers were killed, bringing the death toll to 527. Indian officials had previously said the toll was 507 and there was no immediate explanation for the discrepancy.

Civilian refugees were streaming out of the city in large numbers, she said.

Sinhalese refugees from the violence in eastern Sri Lanka huddle inside a Bhuddist temple in Colombo. Thousands have fled from the areas where Indian troops and Tamil rebels are engaged in fierce fighting. (AFP)

U.S. credits Iran with 'lucky missile shot'

BAHRAIN(AP).–U.S. military sources said yesterday that the missile that wrecked a U.S.-flagged tanker was "from Iran's point of view, a lucky shot" that could have hit Kuwait's oil terminal complex or any one of several other ships in the area.

As Kuwait officials lodged a formal protest with Teheran, Iran's foreign minister all but acknowledged his country's responsibility for the incident and hinted at more of the same.

"What happened was foreseeable." Ali Akbar Velayati said in comments broadcast by Teheran Radio and monitored by the BBC.

The 81,283-ton oil products tanker Sea Isle City was severely damaged in Friday's dawn attack, by what U.S. officials said was a Chinese-made Silkworm missile, fired from Iran-held territory in southern Iraq's Faw peninsula, 80 kilometres or more to the northeast.

Several crew members were injured, including the American captain and a Filipino sailor who were blinded, according to medical sources in Kuwait. Six remained hospitalized Sunday, they said.

"It was, from Iran's point of view, a lucky shot," said one source. "The missile was fired in the general direction of the Kuwaiti terminal. It had to hit something. Its radar guidance system just happened to pick up the Sea Isle City." The sources said U.S. and Kuwaiti explosives experts who inspected the ship on Saturday had established virtually beyond doubt that the missile was a Chinese-made Silkworm.

In a Washington interview, U.S. Defence Secretary Caspar Weinberger said the Iranians were responsible. "Very few people have their own private Silkworms," he said.

Another tanker, U.S.-owned but flying the Liberian flag, was hit in an identical attack 24 hours earlier, but sustained far less damage. That, too, was blamed on Iran.

The U.S. military sources said the missiles, which can carry a 450 kilogram warhead up to 80 km., probably had lighter warheads for increased range.

The Silkworm, or HY-2, is a Chinese copy of a Soviet design that exists in both radar-guided and infrared-guided versions. The Iranians have the former, the sources said.

U.S. warships have various anti-missile defenses, including jamming equipment to confuse the guidance system and "phalanx" Gatling guns that fire a stream of radar-guided, 20mm explosive shells at an incoming missile.

U.S. warships do not enter Kuwaiti waters, and there were none nearby at the time of the attack, U.S. sources said.

While the U.S. has warned it will respond to any attacks on U.S.-flagged shipping, officials hinted that the response could be tempered by the fact that the Sea Isle City was hit in Kuwaiti waters, and was not under U.S. protection.

Kuwait lodged a formal protest with Iran following an emergency session of the cabinet, and was further discussing appeals to the UN and other international bodies.

Italian freighter headed for Dubai yields illegal arms haul

SAVONA, Italy (AFP). – Italian police made their biggest ever arms haul off a Qatari freighter in this northern Italian port Saturday. Nearly 14 tons of war materiel was seized on the 9,780-ton Fathul Kahir, which was headed for Dubai with 25 sailors and 17 officers on board.

Some 100 cases were found to contain 350 heavy machine-guns manufactured by the West German firm, Heckler and Koch. All recent models, the guns weighed nearly 50 kilos each and were designed to be mounted on jeeps or speedboats. Machine-guns of this type are already in service in some Nato armies. Another 50 cases contained spare parts.

Investigators were still examining 357 other cases, which first reports said also contained weapons. The freighter, owned by the United Arab Shipping Company, had an Irish captain, John Scallan, aged 48. The first officer was a 40-year-old Englishman whose name was given as Richard Murdy. The other officers were of several different nationalities – including four Iraqis and three Kuwaitis. The sailors were all Indians.

The officers told police they were not aware of the weapons on board. They said the vessel, which had no transport documents, was loaded in the northern English port of Liverpool, where the ship put in on October 5. But police said investigators were not satisfied because they had already established that the ship had also made earlier stop-overs in the French port of Le Havre, the West German ports of Bremen and Hamburg and in Anvers, Belgium.

Saturday's seizure came only two days after the arrest in northern Italy of five people suspected of illegally smuggling arms to Iran and Iraq through third countries (Brazil, Singapore and Pakistan).

Commonwealth deadlock over sanctions against Pretoria

VANCOUVER (AP). – Commonwealth leaders ended their summit with Britain's Margaret Thatcher saying she had won the fight against South African embargoes and Canadian Prime Minister Brian Mulroney claiming a victory for the sanctions lobby.

Despite a harmonious final communique issued Saturday on political and economic issues, a deadlock remained between Britain and the rest of the Commonwealth on South Africa.

In a final news conference, Mrs. Thatcher underlined the division by noting that the leaders had agreed during the five-day summit that no new sanctions should be imposed. She said they also denounced as "terrorists" the African National Congress, headed by jailed South African leader Nelson Mandela.

Speaking for the rest of the 48-member association of Britain and its former colonies, Mulroney claimed the summit succeeded in strengthening the fight against apartheid. "This is the group which leads the world in terms of its impact against South Africa," the host leader said.

In his first counter-attack after a week-long barrage of British argument against new sanctions, Mulroney noted a "fairly open effort to discredit the value of sanctions at all, right from the beginning." But he said all Commonwealth leaders, except for Thatcher, had agreed on practical and moral measures on Friday, urging a wider implementation of existing embargoes, scrutiny of Pretoria's links with international bankers and an eight-member foreign ministers' group to guide anti-apartheid efforts.

Thatcher, claiming that sanctions make the government of South Africa more intransigent, termed the absence of any specific new measures "implicit recognition that further progress can't be made down that path."

Thatcher had argued that tough sanctions would put hundreds of thousands of people out of work, including some of the 1 million blacks from neighbouring countries who go to South Africa for jobs and better pay.

She also gave a different slant to the issue of Fiji's membership in the Commonwealth. The Pacific island's membership lapsed following a military coup and the declaration of a republic.

Thatcher said the Commonwealth includes 26 other republics and at least four military governments, and added that the group should stand ready to help Fiji rejoin.

Mulroney, however, condemned the declared intent of coup leader Col. Rabuka to entrench political control for Fiji's native Melanesian minority, which is outnumbered by ethnic Indians who formed the last elected government.

"An attempt to put in a government based on racism is fundamentally unacceptable," Mulroney said.

The 22-page final communique ranged from praise for the Indian-Sri Lankan agreement on the Tamil revolt in Sri Lanka to an affirmation of the observance of human rights.

The leaders welcomed British proposals to extend Third World debt repayments and lower interest rates, and urged cooperation in countering low commodity prices. At the closing formal session of the summit, Mulroney said: "With its imperfections, the Commonwealth represents a lot that's very good about this world." Malaysian Prime Minister Mahathir Bin Mohamad announced that his country would host the next conference in 1989.

In earlier developments, the leaders called for increased aid to the black-ruled countries surrounding South Africa, which are trying to lessen dependence on their giant neighbour.

Kabul finds reconciliation policy faces difficulties

MOSCOW (AFP) - Afghan leader Najibullah told a ruling party congress in Kabul yesterday that his "national reconciliation" policy was running into difficulties, but said contacts were developing with representatives of the anti-government rebels, Tass reported here.

The Afghan leader told the opening session of a three-day Afghan Communist Party congress that the situation since the national reconciliation had been proclaimed last January was "more complicated" than previously thought. "The national reconciliation policy has not yet become irreversible," said Najibullah, who on Saturday had dismissed several senior officials associated with former Afghan leader Babrak Kamal.

Najibullah told the 677 delegates that 1,600 villages had gone over to the side of the authorities in the last 10 months. The government now controlled "more than one third" of inhabited villages, 45 towns and 214 districts and rural districts. The total number of towns and districts was not known, but Najibullah's statement appeared to indicate that the rest of the country was controlled by U.S.-supported rebels.

The Afghan leader said that the "second stage" of the National Reconciliation Party would focus notably on the formation of a coalition government, national elections and the election of a president, with the proclamation of a new constitution.

He said that while the ruling party would not lose its character as the "principle national force", contacts were underway to seek a compromise with right-wing elements, and "ministers of former regimes" had been offered governing posts. He also indicated that contacts were developing with representatives of the "alliance of seven" – Pakistan-based Afghan rebels.

Najibullah's statement came after U.S. businessman Armand Hammer said last week following talks with the Afghan leader and Pakistani President Mohammed Zia Ul-Haq that he had proposed General Abdul Wali, son-in-law of the deposed Afghan king living in exile in Rome, as a future prime minister of Afghanistan.

Hammer said that Najibullah was favourable to the suggestion, along with the appointment of non-Communists to 23 ministerial posts.

Yesterday, Najibullah said that in the 10 months since Afghan authorities decided to embark on a policy of national reconciliation, his government had made 14 statements offering compromises and concessions.

The Afghan leader also noted that "not a single point" of a rebel manifesto, adopted by the alliance of seven in the wake of the government's national reconciliation policy, had been implemented. Future contacts with the U.S.-backed Afghan rebels needed to attract "moderate and neutral forces" to normalize the situation in the country, he said.

Spain's Mayor chosen as new chief of Unesco

PARIS (AFP. – Federico Mayor of Spain was nominated Sunday to be the next director general of the U.N. Educational, Scientific and Cultural Organization (Unesco) by the organization's executive board. Mayor, 53, was elected with "30 votes for and 20 votes against" in an all-night meeting.

He was the only remaining candidate in the 12-day race that was the most bitter election battle in Unesco's 41-year history. His selection followed the withdrawal Saturday of the controversial outgoing chief, Amadou Mahtar M'bow of Senegal.

Mayor is a biochemist and former deputy director general of Unesco from 1978 to 1981. He was also Spanish education minister in 1981 and 1982 and special adviser to M'bow in 1983 and 1984.

The choice of the 50-member board will be submitted for approval to Unesco's general conference on November 7 in Paris.

The election came after a stormy all-night session of the board, with members arguing over how the vote should go ahead, despite the fact that there was only one candidate left for the $170,000-a-year position. African countries, backed by France, won their demand that delegates be given the chance to vote against the remaining candidate, Unesco sources said.

Other delegates, led by Western countries opposed to M'bow, felt that a voting paper with Mayor's name and one blank paper was enough. The meeting, which started Saturday evening, was stopped four times for lengthy suspensions caused by the division on how to carry out the fifth and final vote. Following the vote, the Senegalese delegate, Education Minister Ibader Thiam, assured Mayor of his most loyal support. Thiam, an active supporter of M'bow, had earlier sharply criticized the voting procedure.

Unesco sources said the row between African countries and France on the one hand, and other nations had been created by M'bow's withdrawal from the contest.

His retreat, which had been strongly urged by many Western countries who had threatened to withdraw from Unesco if he was reelected, left an unprecedented situation with only one candidate in the final round of voting. M'bow, 66, headed Unesco for two consecutive terms since 1974, but had been accused of an anti-western bias and responsibility for a bloated administration. The accusations led to the United States, Britain and Singapore pulling out of the organization in 1984 and 1985 respectively, leaving Unesco funds seriously depleted.

(See Report on Areas, page 4)

Cat's appetite takes women to court

STOCKHOLM (Reuter). – Two Swedish women are locked in a court battle over the appetite of a dead cat.

Its former owner vowed on Sunday to appeal against a court ruling that she must pay a $50 grocery tab for cat food to another woman who bought her house and got the hungry feline in the bargain.

"The truth shall prevail, no matter the costs," the former owner, who preferred to remain anonymous, told reporters.

She said the house buyer had accepted custody of the cat, named Misan, as part of the deal.

But the buyer, who took the case to court after Misan had devoured 50 dollars' worth of food, says she had been promised reimbursement for feeding the cat until it could be put down.

Misan went to its death two months before the trial began in a district court at Hassleholm, a southern Swedish town, which also ordered the former owner to pay $60 in costs.

MIDDLE EAST BRIEFS

Arafat confers with Sadam Hussein on Arab summit

BAGHDAD (Reuter). – Palestine Liberation Organization (PLO) Chairman Yasser Arafat discussed next month's Arab summit with Iraqi President Saddam Hussein yesterday, PLO sources said.

They said that Arafat and the Iraqi leader also discussed international efforts to end the Iran-Iraq war.

The PLO leader, a regular visitor to Iraq, arrived in Baghdad on Friday and has also had talks with Foreign Minister Tareq Aziz.

The Arab summit is to open in Amman on November 8.

Iraq's population grows by a third in 10 years

NICOSIA(AP). – National census results show Iraq's population has grown to more than 16 million people, up 35 per cent in 10 years, the official Iraqi News Agency reported yesterday.

Authorities imposed a curfew all over Iraq on Saturday to facilitate the work of tellers gathering the statistics.

The agency, monitored in Nicosia, said that according to results, the population totaled 16,278,316. The male population numbered 8,364,873, slightly more than the female.

Egyptian Minister Ghali off for talks in Peking

CAIRO (AP). – Minister of State for Foreign Affairs Butros Ghali left yesterday for a one-week official visit to China for talks on bilateral relations and the convening of an international Middle East peace conference.

Ghali is scheduled to stop in Singapore today, before arriving in Beijing tomorrow.

He told reporters before he departed that he carried a message from President Hosni Mubarak to his Chinese counterpart Li Xiannian.

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Where is Gorbachev heading?
Chair: Zeev Katz
Participants: Mikhail Agursky
Galia Golan
Gur Ofer
Personal testimony about
Russia today
19:30–20:00
Coffee break and Refreshments
20:00–21:00
Films from Russian Television
Comments: David Wieztum
Zeev Katz
21:00–22:30
Israel, the Jewish People, and the
Gorbachev administration
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Mr. Henry M. Burger, U.S.A
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U.S. FIRST LADY 'FEELING JUST FINE'

Nancy's operation will spark cancer awareness

By JUDY SIEGEL
Jerusalem Post Reporter

News about the radical mastectomy (surgical removal of the entire breast) performed on America's First Lady, Nancy Reagan, after a lump in her left breast was found to be cancerous, will undoubtedly induce many women to examine themselves for tumours, says Prof. Shoshana Biran, head of the Sharett Institute at Hadassah-University Hospital in Jerusalem.

This sudden awareness of breast cancer follows every announcement of the disease having struck famous people. This includes one of Nancy Reagan's predecessors, Betty Ford, who had a tumour in both breasts, and Israel's Ofira Navon, when she lived in the president's residence. But Biran, who treats some 150 new cases a year (of the 1,000 new cases of breast cancer discovered annually in the whole country), is pleased that awareness of the disease has increased dramatically in recent years. This is due to efforts by the Israel Cancer Association, to more frequent reports in the media, greater openness about the intimate disease, and less drastic treatments.

One out of 11 or 12 women in Israel, or for that matter in the U.S. and Western Europe, will develop breast cancer at some time in her life. It comprises 27 per cent of all cancers to affect women, and seems to be part of life in the developed countries (although whether there is a dietary connection has not been proven). Women in underdeveloped Latin American countries suffer less breast cancer, but much more of the even more deadly, uterine cancer, which is low among Israeli Jewish women.

No one can explain why Mrs. Reagan, so painfully thin that she looks undernourished, was stricken, if there is indeed a connection between fatty diet and breast cancer.

It is now recommended that women over 50, and those over 35 who have a close relative who had breast cancer, go for a mammography examination once a year. This is an x-ray test that detects even very small tumours, and the exposure to radiation is lower than in the past, says Biran. A new device produced by Xerox, called xerography (available at Tel Aviv's Ichilov Hospital) is even more sensitive, but it involves somewhat higher levels of radiation.

If Mrs. Reagan, with her seven millimetre tumour, is in Stage I of the disease (in that it did not spread to the lymph glands), her chances of being completely healthy are 80 per cent, says the Hadassah oncologist, but if they spread into the lymph glands, these chances are halved. At her age (66), painless but effective hormonal therapy is usually administered to prevent a recurrence or spread of the breast cancer, instead of chemotherapy.

If the patient survives five years without a recurrence, she is considered "cured," with little chance the cancer returning to the same organ.

A surprisingly small percentage of mastectomy patients undergo reconstructive surgery of the breast at Hadassah -- only about five to 10 per cent, even though they are told about the option, possibly because they dread going through more surgery three to six months after the mastectomy. But today, about half of breast cancer patients are able to have only the lump itself removed instead of the whole breast and lymph glands, making the disease a less frightening ordeal, says Biran.

President Chaim Herzog and his wife Aura yesterday sent flowers to Mrs. Reagan at Bethesda Naval Hospital where she is recuperating from the surgery, with wishes for a full recovery.

Prime Minister Shamir told Reagan "Dear Ron, Shulamit and I were very distressed to learn of Nancy's illness and wish her a complete and speedy recovery from the operation. In Jerusalem we pray for her and your well-being".

Foreign Minister Shimon Peres and his wife Sonia yesterday sent a get-well message to Nancy Reagan through her husband, the president. "... Knowing your spirit of faith and courage", the Peres's told Reagan, "and your way of fighting such battles and winning them, we are sure to have Nancy back in full health and vigour in the very near future."

The Associated Press reports from Washington:

Within hours of surgery to remove her left breast because of a cancerous lesion, Nancy Reagan was sitting up in bed and asking questions while calls and flowers from well-wishers poured in.

"She's feeling just fine," a beaming President Reagan told reporters upon returning to the White House four hours after his wife underwent the cancer surgery on Saturday.

Asked what he had told his wife after the operation, he said, "I expressed my great happiness at the outcome." The first lady's press secretary, Elaine Crispen, described Mrs. Reagan's mood as, "very up," and said she was sitting up in bed, doing breathing exercises, drinking water and asking the doctors "very intelligent" questions about the procedure and the prognosis.

"She said, 'I'm glad this is over. It certainly shows the value of regular checkups,' " Crispen said.

White House spokesman Marlin Fitzwater said the malignancy, which measured about seven millimeters, was a "non-invasive intraductal adenocarcinoma." He said it was a common form of breast cancer and had not spread through the tissues.

The spokesman said the surgery lasted 50 minutes and was "without complications." He said there was no plan for reconstructive surgery or chemotherapy or radiation treatments.

This was Mrs. Reagan's second bout with cancer. A basal cell carcinoma was removed from her upper lip in late 1982. The president underwent surgery for colon cancer in 1985 and has since had several operations for the removal of skin cancers from his nose.

Crispen said Mrs. Reagan chose to have the entire breast removed rather than just the lump because "it was the most positive way to get it all over with." She said Mrs. Reagan's doctors had described all the alternative methods to her.

Nancy Reagan, accompanied by her husband, U.S. President Ronald Reagan, flies in on Friday by helicopter to Bethesda Naval Hopital, Maryland for a mastectomy. (AFP)

Nudel thanks Reagan by telephone

Jerusalem Post Reporter

"Mr. President, I am very thankful to you for all your involvement in my personal case and the case of Soviet Jews," Ida Nudel said to Ronald Reagan in a telephone conversation from Jerusalem yesterday, during her meeting with U.S. Secretary of State George Shultz.

"We are very anxiously awaiting the results of the examination of the health of your wife. We hope that everything will be very good," she told Reagan. He spoke to her from the hospital near Washington where his wife Nancy is recovering from surgery for breast cancer.

Nudel said that Reagan "congratulated me on my release, and he told me that the American government and the American people are very devoted to human rights and to the emigration of Soviet Jews, and they are pressing the Soviets to keep their promises."

Shultz discussed questions of Soviet Jewry yesterday with Nudel, leaders of the Public Council for Soviet Jewry, and four former refuseniks whose relatives are still denied the right to leave.

Shultz said that the U.S. government would never abandon its struggle for Soviet Jews until all those who wish to leave are allowed to do so.

Ida Nudel meets U.S. Secretary of State George Shultz and his wife Helena in Jerusalem yesterday. (Zoom 77)

Tsur advocates 'aggressive' call to SA Jewry

By ROBERT ROSENBERG
Jerusalem Post Reporter

TEL AVIV. – The 31st Zionist Congress "has no raison d'etre if it doesn't aggressively call on South African Jewry to leave that country" and come to Israel, Absorption Minister Ya'acov Tsur said yesterday.

Speaking to a session of the Labour Party's Central Committee, which met to formalize the party's electoral procedures for the congress and for candidates to begin internal politicking, Tsur said that "two Jewish communities are on the move – the South Africans and the Russians."

"And if the 31st Zionist Congress," which is scheduled to open in Jerusalem on December 6, "cannot face the challenge of both communities choosing America over Israel, the congress has no reason to exist," said Tsur.

According to Tsur, four out of five Jews leaving South Africa are choosing somewhere other than Israel as a refuge from the turmoil there. Some 1,000 South African Jews immigrated to Israel in the last year, said Tsur, who said that he is under attack in South Africa by Jews there, "for even mentioning the numbers of those leaving."

"Nobody knows what's going to happen in South Africa, but we can be sure it's going to be bad for the Jews," said Tsur, who reported that when he was last there, the Jewish community advertisements announcing his presence deliberately dropped his title as absorption minister.

Tsur's comments came in a speech about the challenges facing the Zionist movement.

Party Secretary-General Uzi Baram yesterday reiterated that Akiva Levinsky, the longtime treasurer of the Jewish Agency, "is the Labour Party's candidate and its only candidate" for the post of chairman of the World Zionist Organization to replace outgoing Arye Dulzin.

Baram condemned un-named "leading members" of the party who, he said, "were doing great harm to the party by discussing in relatively public forums" the possibility of finding a new candidate for the job.

Those un-named party leaders are believed to members of the second tier of Labour ministers, as well as leaders of the youth wing of the party.

There was a mini-revolt by some central committee members yesterday against the rules and regulations for the delegate vote as offered up by the Baram-controlled Labour Party Bureau.

The opponents to the proposed electoral rules objected to a decision by the bureau to allow a three-member committee to appoint one-third of the party's candidates to the congress. The other two thirds would be elected in two secret ballots held in the central committee and in district branches.

According to several spokesmen for the opposition to Baram's proposal, the appointment of delegates "takes the party backwards to the days of backroom wheeling and dealing," when a handful of party leaders decided on the appointment of all party candidates.

Baram defended the one-third, one-third, one-third proposal, saying that it would not serve as a precedent for other internal elections, including the party's determination of its Knesset candidates. According to Baram, "there are people like new immigrants, former *shlihim* and others doing the real work of labour Zionism," who belong to the party but are not known to central committee members.

Such Zionists working in the field "deserve a place" at the congress, said Baram.

Shultz Scholarship

$10,000 donation for TAU

By ROBERT ROSENBERG
Jerusalem Post Reporter

George Shultz sometimes seems to take discretion a bit too far.

Unlike his talks in the Prime Minister's Office and the Foreign Ministry in Jerusalem, the only politics at stake at a ceremony yesterday at Tel Aviv University was the question of which deans and which students would sit where at the linen-covered table in a small room in the Student Union building.

Shultz was being presented with a plaque from the university after handing over a personal $10,000 contribution to a $1m. scholarship fund for doctoral candidates in political science, economics and business administration. The fund, not by coincidence, is the George P. Shultz Scholarship, and the personal contribution to it from Shultz is bound to make collection of the rest of the million a lot easier among American Friends of TAU.

Shultz's private enthusiasm for Israeli academics began with a brilliant student he once had in Chicago who dropped everything to fight in the Six Day War and was killed on the Golan Heights. That promising career snuffed out by dedication to one's country, Shultz has said, proved an inspiration to him.

At the hour-long ceremony, Shultz apparently spoke about the need for academic excellence to help lead societies through the traumas and dramatic changes that the explosion of knowledge and the shrinking globe will create. In other words, he said nothing about Iran, or the Gulf, or how one doesn't arm-twist or browbeat friends about the international conference or anything newsworthy at all that anyway wouldn't be heard on the radio or seen on TV because of the strike.

It is only apparent that he said all these things because none of the local journalists who arrived breathlessly lugging their cameras, tape recorders or pens were allowed inside, except for one who also happens to be a doctoral student in political science.

The various spokespeople for the occasion all insisted that the reason for the secrecy was the secretary's desire for an informal meeting with the doctoral candidates.

But among the veteran journalists who stood around in the lobby just outside the small dining room where the ceremony took place, there was another theory to account for the secrecy. Was it not possible that Shultz, the academic cum public servant, might, in the familiar confines of academia and among people he apparently admires, let down his hair, so to speak, in order to speak bluntly about the levels of excellence – or incompetence – that he has found in Israeli public service. Couldn't the occasion be an opportunity for some comments on the science of politics as he finds it in Israel?

While considering that there might indeed be some extraordinary commentary being made behind the closed doors, all that there was to do was watch the two explosives-sniffing dogs on the scene. The Americans brought a Belgian sheepdog. Long-haired, black and beautifully groomed, the dog was a model of obedience and patience, responding to single word commands with poise and intelligence. The Israelis brought a black cocker spaniel that dashed around the flower beds with the willpower of an exhaustingly playful two-year-old.

U.S. Secretary of State George Pratt Shultz is presented yesterday with a certificate of appreciation by Tel Aviv University Rector Prof. Yehuda Ben-Shaul. (Israel Sun)

Health fair in East Talpiot

By JUDY SIEGEL
Post Science and Health Reporter

A health fair in which Jerusalemites can undergo quick tests for high blood pressure, diabetes, heart problems, eye diseases and blood cholesterol will open tomorrow at the East Talpiot community centre.

The fair, organized by the Jerusalem Municipality's health department, is the first of its size in the city and will – if successful – be followed by similar ones in Gilo, Har Nof and other neighbourhoods. Until now, there were only small-scale attempts to increase public awareness of the need to prevent health problems through diet, kicking the smoking habit, exercise and regular physical checkups.

The health fair will open at 2 p.m. On Wednesday it will be open from 10 a.m. to 8 p.m. Residents of East Talpiot and other neighbourhoods will not only be able to undergo physical tests, but also receive explanations and booklets from health professionals.

There will be booths dealing with breast cancer, glaucoma, municipal health services and care for the elderly.

Jewish survival conference opens today

By CHARLES HOFFMAN

A conference on ways to ensure the demographic and cultural survival of the Jewish people in the 21st century opens today in Jerusalem with 200 participants from 20 countries, including five East European countries.

The four-day conference, to be held at the Van Leer Institute, will have two themes. Demographers and other social scientists will discuss Jewish population trends in Israel and the Diaspora, and will consider the proposal for a world Jewish population study sometime around 1990.

The second theme is demographic and cultural policies and their impact on Jewish survival, which will be discussed by educators and professional community workers.

The conference is sponsored by the World Zionist Organization, the World Jewish Congress, the Hebrew University's Institute for Contemporary Jewry and the Centre for Demographic Research of the Ministry of Labour and Social Affairs.

Studies by Hebrew University demographers have shown that since the Holocaust, the world Jewish population increased from about 11 million to 12.8m. in 1985. But they forecast a steady drop if current trends hold. These trends include an increase in intermarriage, a loss of Jewish identity and an excess of deaths over births.

Unesco study raps censorship in territories

By MICHEL ZLOTOWSKI
Jerusalem Post Correspondent

PARIS.– Unesco has been handed a 15-month study entitled "Academic liberties in the Arab occupied territories" which, while criticizing Israel for its censorship policies, praises it for allowing the development of a great number of academic institutions.

Father Edouard Bone, a professor at the Catholic University of Louvain in Belgium, who authored the study, noted that he was "sincerely grateful" to the Israeli authorities for allowing him to travel within the occupied territories as he wished. He stressed the authorities' "fair play" and said that Israel had allowed the development of academic institutions in the occupied territories. But among the "points of friction" he cited censorship that eliminated any reference to Palestinian national aspirations.

The professor defined "academic liberty" as "the freedom to teach, learn, organize syllabuses, buy books and periodicals, hire personnel, have access to campuses and improve facilities."

Censorship, wrote Bone, was presented to him as the main problem from the perspective of academic liberty. "If, generally speaking, the occupying power shows itself 'tolerant' vis-a-vis material published in English or any other European language, censorship is severe on anything published in Arabic. We were told that any book published in Arabic was liable to be forbidden, and that there was a list of some 1,600 to 2,000 publications that in fact had been banned."

This figure, quoted by Meron Benvenisti in a 1983 study, would correspond to only 3 to 4 per cent of the books in Arabic imported by the Palestinian universitites.

TODAY'S ENTERTAINMENT

Regular TV and Radio scheduling is suspended due to the strike at the Israel Broadcasting Authority

TELEVISION

EDUCATIONAL TV
8.00 Teletext **8.05** Keep Fit **8.15** School broadcasts **14.00** Teletext **14.05** Contact **14.35** Making Magic **15.00** Family Problems **15.45** Keep Fit **15.55** Teletext **16.00** The Count of Monte Cristo (part 4) **17.00** A New Evening – live magazine

ISRAEL TV CHANNEL 2
18.00 Fables of the Green Forest **18.25** Venom – film **20.00** Folk Festival **21.00** Pop 2

JORDAN TV (unofficial)
16.30 Cartoons **17.00** French Hour **18.30** News in Hebrew **19.00** News in Arabic **19.30** Kate and Allie **20.10** Falcon Crest **21.00** News in English **21.20** Tusitala

MIDDLE EAST TV
12.30 Another Life **13.00** 700 Club **13.30** Shape-Up **14.00** Muppet Babies **14.30** Super Book **15.00** Fraggle Rock **15.30** Afternoon Movie: River of No Return **17.00** Happy Days **17.30** Laverne & Shirley **18.00** News **19.00** Magnum P.I. **20.00** Monday Night Football **22.00** 700 Club **22.30** Another Life

RADIO

ARMY
6.05 University on the Air **6.30** Open Your Eyes – songs, information **7.07** "707" **8.00** Good Morning Israel **9.05** In the Morning **10.05** Music **11.05** Right Now **13.05** Hebrew hits **14.05** Daily sounds **15.05** Festival songs **16.05** Four in the Afternoon **17.00** Evening Newsreel **18.05** Economics Magazine **19.05** Hebrew songs **20.05** Meeting with Tank Corps Commanders (repeat) **21.00** Mabat – TV newsreel **21.30** University on the Air (repeat) **22.05** Popular songs **23.05** The 24th Hour **00.05** Night Birds – songs, chat

ARMY TWO
19.05 Radio Radio **20.05** Information, regards and radio games **22.05** Coffee Break **23.05** All That Jazz

BBC
1322 kilohertz:
World Service newsreels at 14.00, 17.00 and 20.15.

CINEMA PERFORMANCES

JERUSALEM
Beit Agron: Over the Top 4:15; Hair 6; Coca Cola Kid 8; 9½ Weeks 9:45; **Cinematheque:** Passione d'Amore 7; Force of Evil 7; I Soliti Ignoti 9; Crimes of the Heart 9:30; **Eden:** Predator 4:30, 7, 9; **Edison:** Beverly Hills Cop II 4:30, 7, 9:15; **Habira Cinema Empire:** closed for renovations; **Jerusalem Theatre:** Death of a Salesman 7, 9:30; Jean de Florette, 7, 9:30; **Kfir:** The Untouchables, 4:30, 7, 9:15; **Mitchell:** Rodder 7, 9:30; **Orgil:** Full Metal Jacket 4:30, 6:45, 9; **Orion Or 1:** Wet Gold 4:30, 7, 9; **Orion Or 2:** Hemo, King of Jerusalem 4:30, 7, 9; **Orion Or 3:** Don't Give a Damn 7, 9; Flight of the Navigator 4:30; 48 Hours 11:15 p.m.; **Orion Or 4:** She's Gotta Have It 4:30, 7, 9, Flesh and Blood 11:15 p.m.; **Orion Or 5:** The Living Daylights 4:30, 7; Robocop 9:15 p.m.; **Ron:** Black Widow 4:30, 7, 9; **Semadar:** Stand By Me 7:15, 9:15.

TEL AVIV
Beit Liessin: Late Summer Blues 11.15; **Ben Yehuda:** The Untouchables, 4:30, 7, 9:30; **Chen 1:** Full Metal Jacket 5, 7:30, 9:50; **Chen 2:** Angel Heart 5, 7:35, 9:50; **Chen 3:** Blind Date 5, 7:35, 9:50; **Chen 4:** Outrageous Fortune 5, 7:35, 9:50; **Chen 5:** Stand By Me 5, 7:35, 9:55; **Cinema One:** Robocop 5, 7:30, 9:40; **Cinema Two:** Rodder 5, 7:30, 9:40; **Dekel:** Black Widow 7:15, 9:30; **Dizengoff 1:** The Name of the Rose 11, 1:30, 4:30, 7:15, 9:45; **Dizengoff 2:** Wish You Were Here 11, 1, 3, 5, 7:30, 9:45; **Dizengoff 3:** A Man in Love 11, 1, 3, 5, 7:30, 9:45; **Drive-In:** Rodder 7:15, 9:30; Sex film, midnight; **Esther:** Predator 5, 7:30, 9:40; **Gat:** The Witches of Eastwick 5, 7:30, 9:50; **New Gordon:** Twist and Shout 4:30, 7:30; 9:30; **Hakolnoa ZOA House** Chronicle of a Love Affair 4:30; 7:15, 9:30 (exc. Wed.); **Hod:** Beverly Hills Cop II 5, 7:15, 9:30; **Institut Francais:** Ma Nuit Chez Maud 7:30; **Israel Cinematheque:** La Passion de Jean D'Arc 7; Sullivan's Travels 9:30; **Lev 1:** La Famiglia 11:30, 2, 4:40, 7:30, 9:50; **Lev 2:** Manner 2, 5, 8, 10; **Lev 3:** Mean and Dirty 2, 5; Down by Law 7:50, 10; **Lev 4:** Hemo, King of Jerusalem 2, 5, 7:50, 9:45; **Limor Hamehadesh:** Lady Beware 5, 7:15, 9:30; 9½ Weeks, midnight; **Maxim:** Crocodile Dundee 4:30, 7:30, 9:30; **Orly:** Good Wife 5, 7:15, 9:30; **Paris:** She's Gotta Have It 12, 2, 4, 7:15, 9:30; Les Valseuses 11:30 p.m.; **Peer:** Whistle Blower 4:30, 7:30, 9:30; **Shahaf:** The Untouchables 4:30, 7, 9:30; **Shvan:** Raising Arizona 5, 7:30, 9:40; **Tamuz:** Bullshot 7:30, 9:40; **Tchelet:** The Shop Around the Corner 5, 7:30, 9:45; **Tel Aviv:** Number One With a Bullet 5, 7:15, 9:30; **Tel Aviv Museum:** Prick Up Your Ears 4:30, 7:15, 9:30; **Zafon:** Jean de Florette 4:30, 7, 9:30.

HAIFA
Amphitheatre: Wet Gold 4:30, 7, 9:15; **Atzmon 1:** Vice Squad 4:30, 7, 9:15; **Atzmon 2:** Orion's Belt 4:30, 7, 9:15; **Atzmon 3:** Children of a Lesser God 4:15, 6:45, 9:10; **Chen Hamehudash:** Blind Date 4:30, 7, 9:15; **Keren Or Hamehudash:** Hemo, King of Jerusalem 4:30, 7:15, 9:15; **Orah:** Beverly Hills Cop II, 4:30, 7, 9:15; **Orly:** The Shop Around the Corner 7, 9:15; **Peer:** Predator 4:30, 7, 9:15; **Rav-Gat 1:** Full Metal Jacket 4:15, 6:45, 9:15; **Rav-Gat 2:** Stand By Me 4:30, 7, 9:15; **Ron:** The Untouchables 4:30, 7, 9:15; **Shavit:** Jean de Florette 7, 9:15.

RAMAT GAN
Armon: Predator 5, 7:30, 9:45; **Lily:** Hot Pursuit 5, 7:15, 9:30; **Oasis:** Full Metal Jacket 4:30, 7:20, 9:50; **Ordea:** Beverly Hills Cop II, 4:30; 7:15, 9:30; **Rav-Gan 1:** The Witches of Eastwick 5, 7:30, 9:50; **Rav-Gan 2:** Outrageous Fortune 7:30, 9:50; **Rav-Gan 3:** Lady Beware 5, 7:30; Clockwise 9:50 p.m.; **Rav-Gan 4:** The Name of the Rose 7:15, 9:50; Song of the South 5.

HERZLIYA
Dan Accadia: Lethal Weapon; **Daniel Hotel:** Angle Heart 7, 9:30; **David:** Don't Give a Damn 4:30, 7:15, 9:30; **Hechal:** Beverly Hills Cop II, 5, 7:15, 9:30; **New Tiferet:** Predator 7:15, 9:30.

HOLON
Armon Hamehudash: Crocodile Dundee 7:30 9:30; **Migdal:** Predator 7:15, 9:30; **Savoy:** The Untouchables 5, 7, 9:30.

BAT YAM
Atzmaut: Beverly Hills Cop II, 5, 7:15, 9:30.

GIVATAYIM
Hadar: The Untouchables 4:30, 7, 9:30.

RAMAT HASHARON
Kochav: Crocodile Dundee 7, 9:30.

PETAH TIKVA
G.G. Hechal 1: The Untouchables 4:30, 7:15, 9:30; **G.G. Hechal 2:** Beverly Hills Cop II, 5, 7:15, 9:30; **G.G. Hechal 3:** American Ninja III, 5, 7:15, 9:30.

KIRYAT ONO
Community Centre: Soul Man 7, 9:15

RISHON LEZION
G.G. Ron 1: The Untouchables 4:30, 7, 9:30; **G.G. Ron 2:** Beverly Hills Cop II, 4:30, 7, 9:30.

KFAR SAVA
Beit Berl Cinema-Theatre: Being There 8:30 p.m.

NETANYA
Dor-Hechal Tarbut: Stand By Me 7:15, 9:30.

WHAT'S ON

Notices in this feature are charged at NIS 9.90 per line, including VAT. Insertion every day of the month costs NIS 197.80 per line, including VAT, per month. Rates calculated according to regular newspaper column width.

JERUSALEM
Museums

ISRAEL MUSEUM. Opening Exhibition: Ilan Goor's recent original iron furniture designs (opens 20.10 at 8 p.m.). **Continuing Exhibitions:** Photographs, Boaz Tal. Renaissance themes in contemporary context (13.10 at 7) ◊ Justen Ladda, new work expressly for Israel museum ◊ Israel Art, special exhibitions ◊ Captive Dream, Jerusalem 1967 ◊ Ilias Lalaounis: Golden Memories of the Holy Land (jewelry) ◊ 3500 Years of Chinese Art ◊ Tradition and Revolution: Jewish Renaissance in Russian Avant-Garde Art (until 31.10) ◊ Emphasis: Arieh Aroch, Michael Gross, Igael Tumarkin ◊ Edomite Shrine ◊ New in Antiquities '87 ◊ **Special, Exhibits:** Priestly Benediction on Silver Scrolls ◊ Negev 1987 ◊ Permanent Exhibitions of Archaeology, Heritage, Ethnic Art and Shrine of the Book w/Dead Sea Scrolls. ISRAEL MUSEUM VISITING HOURS: Main Museum 10-5. At 11: Guided tour of Museum (English). 3: Guided tour of Archaeology galleries (English). 4: Rama's Adventures, Shadow Theatre, ages 5-10

L.A. MAYER MUSEUM FOR ISLAMIC ART. Visiting hours: Sun.-Thur. 10-1; 3:30-6. Fri. closed. Sat. and holiday eves 10-1. Holidays: check with Museum. 2 Hapalmah St., Tel. 661291/2. Bus No. 15.

SKIRBALL MUSEUM of Biblical Archaeology of the Hebrew Union College, 13 King David Street, Tel. 203333. Visiting hours: Sun.-Thur. 10-4; Fri., Sat. and Hol. 10-2.

Conducted Tours

HADASSAH HOSPITAL, Ein Karem. Chagall Windows – synagogue open 8.00 a.m.-4.00 p.m. Tours, Sun.-Thurs., hourly, on the half hour: 8.30 a.m.-12.30 p.m. Fri. open 9.00 a.m.-12.45 p.m. Tours, hourly on the half hour: 9.30-11.30 a.m. Entrance fee. **Half-day tours of the installations:** Sun., Tue., Thur. Details: 02-416333, 446271.

HEBREW UNIVERSITY
English tours daily Sunday through Thursday: 1. Mount Scopus, 11 a.m. from the Bronfman Reception Centre, Administration Building. Buses 9, 28, 4a, 26 & 23 to the first underground stop. 2. Givat Ram Campus, 9 & 11 a.m. from the Sherman Building. Buses 9, 28, & 24. Tel. 882819.

AMIT WOMEN (formerly American Mizrachi Women). Free Morning Tours – 8 Alkalai Street, Jerusalem. Tel. 02-699222.

TEL AVIV
Museums

TEL AVIV MUSEUM. Exhibitions: Treasures of the Bible Lands. ◊ New Bezalel 1935-55 VISITING HOURS: (Museum and Pavilion): Sun.-Thur. 10 a.m.-8 p.m.; Fri. 10 a.m.-2 p.m.; Sat. 10 a.m.-2 p.m.; 7-10 p.m. **Helena Rubinstein Museum:** closed for renovations.

Conducted Tours

AMIT WOMEN (formerly American Mizrachi Women). Free Morning Tours – Tel Aviv, Tel. 220187, 233154.

WIZO. To visit our projects call Tel Aviv, 232939; Jerusalem, 226060; Haifa, 388817.

ORT. To visit our technological High Schools call Jerusalem 533141; Tel Aviv 396171, 233231, 240529; Netanya 33744.

NA'AMAT. (P.W). Visit our projects. Tel Aviv, 210791, Jerusalem 244878.

HAIFA
Museums

HAIFA MUSEUM, 26 Shabbetai Levy St., Tel. 523255. *Exhibitions:* **Music and Ethnology;** The Art of Porcelain. **Modern Art** – Prints from the Atelier Mourlot, Paris; **Ancient Art** – Egyptian textiles, terracotta figurines, Shikmona finds; Open: Sun.-Thur. & Sat. 10-1, Tue. & Sat. also 6-9. **Ticket includes admission to National Maritime, Prehistory & Japanese Museums.**

MANE KATZ MUSEUM, 89 Yefe Nof. Sun.-Thur. 10-1, 4-6. Sat. 10-1. Tel. 383482.

What's ON IN HAIFA, dial 04-640840.

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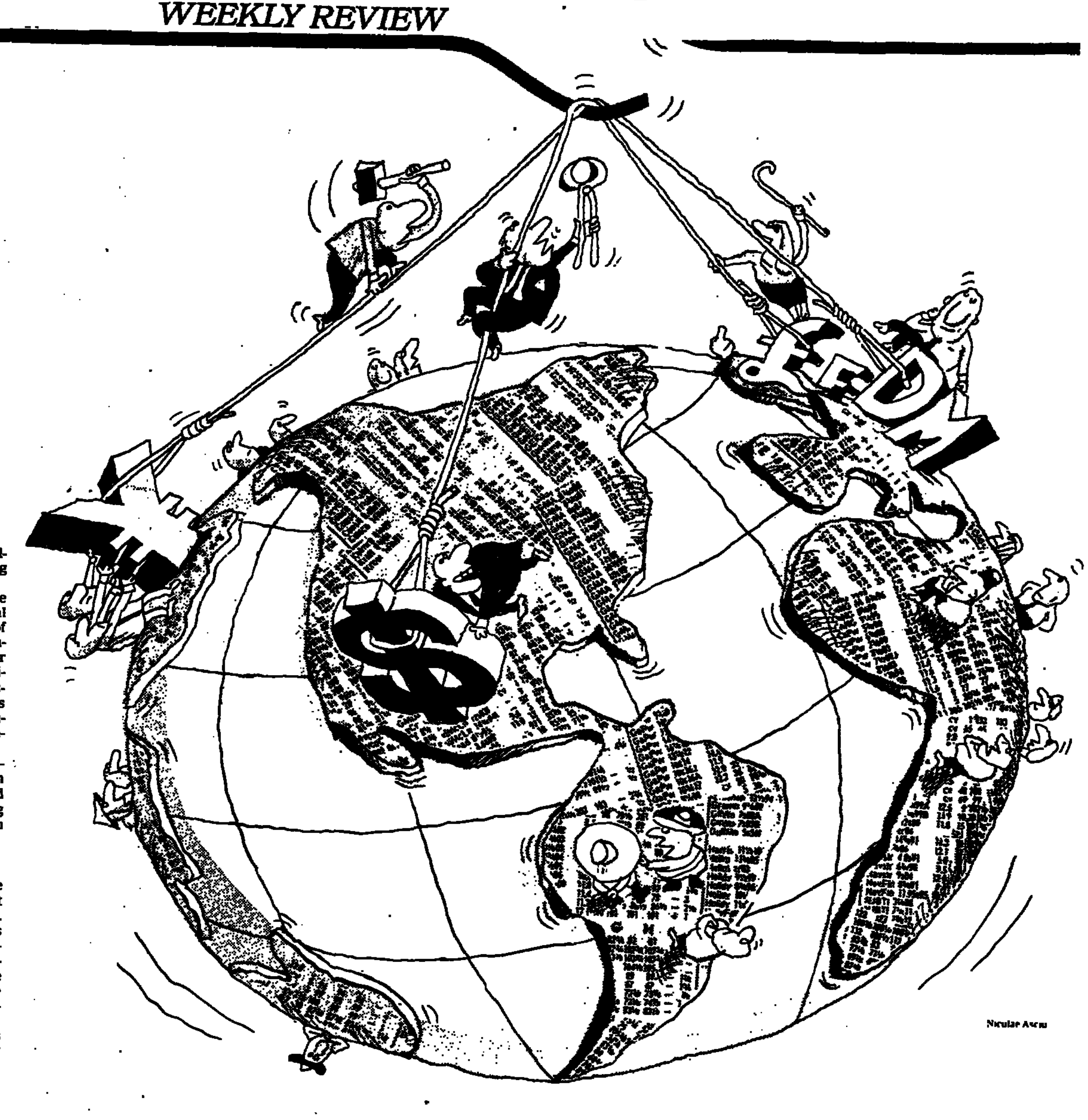
Paradise Lost?

When It's Every Country for Itself, Pity the Markets



Nicolae Asciu

By LEONARD SILK

IS the world economy beginning to fall apart?

Wall Street, plunging into a downturn that many analysts and investors feared was the end of the big bull market of the last five years, behaved last week as though the center would not hold.

The drop for the week in the Dow Jones industrial average of 235.48 points, or 9.49 percent, was a reaction to a gloomy trade report that was only one in series of symptoms of the precarious condition of the international economic system.

"Up to now, so many investors and the Administration have been living in what can only be described as a fool's paradise," said Geoffrey Bell, an international investment adviser. "This was based on hopes that the trade deficit would soon begin to show modest but significant improvement, and this would keep money flowing to the United States."

The August trade deficit of $15.7 billion, or $188 billion at an annual rate, dashed these hopes and led to a far-reaching fallout.

The prospect of a trade imbalance well above last year's $160 billion raised anxieties that Congress, concerned about the loss of American markets and jobs, would enact a protectionist trade bill, thus intensifying world inflationary pressures.

The trade outlook also brought the dollar under heavy selling pressure from private traders — pressure that the Federal Reserve and foreign central banks sought to contain by buying dollars.

That drove up interest rates, as the markets and banks anticipated that a falling dollar would heighten inflationary forces in the United States.

Rising interest rates are feared like poison by both the stock and bond markets, since capital values tend to drop as rates rise. The bond market, less noticed by the general public, also plunged with the yield on the 30-year Treasury bond, a bellwether for other bonds, landing above 10 percent.

Finally, the interest rate rise threatened problems for the national economy and was a reminder of smoking volcano in the world economy. At home, the prospect of slower spending by consumers and businesses raised worries about a recession in 1988, which most economists have not expected and which the Administration fears could cost the Republicans the White House in 1988.

Abroad, rising interest rates jeopardized the ability of the Latin American and other third world debtors to pay their bills, menacing the liquidity of some big American banks.

Dispute With Germans

In what looked like one more symptom of the precariousness of it all, Treasury Secretary James A. Baker 3d held a White House news conference to offer official reassurance. The Federal Reserve's decision not to raise the discount rate since its half-point hike on Sept. 4, he said, showed the Fed thought anxieties about inflation were overblown.

He also pointed to the economy's five years of steady growth, the low unemployment rate and relatively low interest rates.

He said the Federal budget deficit was getting better; at a little over $150 billion this year it would be $70 billion smaller than the record $221 billion of last year. And the trade deficit, he said, was also improving, in volume terms, if not in current dollars.

To be sure, Mr. Baker added, not everything was right with the world. The United States wasn't getting the cooperation it had counted on from West Germany, he said, charging that four increases in an important German interest rate since July had violated "the spirit of our recent consultations." He seemed to be warning that the dollar may have to decline further, presumably hurting other countries' exports.

The effort of the United States to stabilize the dollar without accepting its trade deficit as irreparable, and without thrusting its economy into recession, depends on the cooperation of the other industrial countries in holding their interest rates down and accelerating growth.

Mr. Baker is relatively satisfied, if not ecstatic, about the performance of the Japanese but bitterly unhappy with the West Germans. In the last three months, while the United States' Federal funds rate (which banks charge one another for short-term loans) has been gone up 1.1 percentage points, the Japanese rate has gone up only one-tenth of 1 point and the West German rate has risen a full percentage point. The German economy continues to languish, with unemployment at nearly 9 percent.

The Germans insist that "the markets" are lifting rates and, besides, Government and central-bank policy must be aimed at nipping incipient inflation in the bud. The problems of the United States, they insist, are of its own making. Despite this year's drop in the budget deficit, their belief — one that is shared by many economists and investors — is that little or no progress will be made in the coming two years, because the underlying deficit is rising and President Reagan refuses to accept tax increases or cuts in military spending.

It now begins to look as though the Administration sold itself a bill of goods on the cooperative arrangements worked out at various meetings of the Group of Seven industrial countries during the past year. The financial markets seem to recognize that where policies for spurring growth, opening up trade, holding down interest rates and stabilizing exchange rates are concerned, it's every country for itself and the devil take the hindmost. In these circumstances, the plunge in Wall Street — by 95 points on Wednesday, 57 points on Thursday and an all-time record of over 100 points on Friday — did not seem irrational.

When the kissing stops among the allies, the money stops flowing on Wall Street and foreign capital stops flowing into dollars. That is the great danger that hangs over the American and the world economy — a danger that will take deeper and more genuine cooperative action to avert.

Shultz Visits a Region Increasingly Drained of Hope

A Long Fuse Burns Slowly on Israel's Borders

By THOMAS L. FRIEDMAN

JERUSALEM

GEORGE P. SHULTZ flew into Israel last week to find the Middle East in a quite different mood from his last visit to the region two years ago. The most striking feature of Mr. Shultz's visit, as opposed to earlier tours, is a complete absence of the drama that normally attends a visit by an American secretary of state.

There is no sense of new possibilities about to unfold. To the contrary, there seems to be an overwhelming feeling, among both Palestinians and Israelis, that their intercommunal war is no longer a conflict on its way to a resolution, but rather a way of life. It seems to be no longer a problem, but a condition, which can occasionally be ameliorated but never cured.

In the last week alone, a Palestinian mother of five was shot in the West Bank by Israeli troops trying to quell a demonstration by supporters of Yasir Arafat; a newly married Israeli man was murdered in the Old City of Jerusalem by Arabs, and several thousand Palestinian Moslems nearly rioted when they thought they saw a group of Jews trying to pray near Moslem holy places on the Temple Mount in Jerusalem.

Yet most of these stories were only brief bursts on the news programs. It is not that Palestinians and Israelis do not care about their conflict any more; it is that they appear to be increasingly drained of hope of doing something about it. As a result many simply prefer to tune it out as best they can.

"Look at the killings last week — Jews, Arabs, but nothing moved people," said Galia Golan, a professor of Soviet studies at the Hebrew University and a leading Israeli peace campaigner. "It is either because we have seen it all before or we just know it is going to go on this way."

What is behind the sense of dead end? In Israel, the Likud-Labor coalition remains deadlocked on how to proceed on the peace process. This is a great advantage for the Likud Prime Minister, Yitzhak Shamir, for whom the status quo, with Israel in control of the West Bank and Gaza Strip, is the ideal situation. The Labor Party Foreign Minister, Shimon Peres, seems to have abandoned his efforts to bring about early elections, with the aim of getting Israel to the international peace conference that Mr. Shamir opposes. So there seems little prospect of new initiatives from Jerusalem until after the scheduled voting in November 1988. Both Labor and Likud officials believe Mr. Shultz has neither the will nor the inclination for a showdown that might push Mr. Shamir toward an international conference.

In an interview with the Jerusalem Post last week, Prime Minister Shamir made it clear that he opposes an international conference not because of the procedure, but because of the substance of what it might bring about. "The dispute over the international conference is about the conditions for peace," he said. "Labor's intention is to coerce the people of Israel, through the international conference, to relinquish the territories" in Gaza and the West Bank.

Mr. Arafat, the Palestine Liberation Organization Chairman, meanwhile, continues his globe-trotting (last week, he was in Nouakchott, Mauritania), but how this is leading to a Palestinian homeland is not clear. As viewed from Israel, many Palestinian leaders seem to prefer the moral superiority that grows out of being victims, and the ideological purity of holding maximalist positions, rather than the moral responsibility that grows out of compromising and making hard choices for their people.

As for King Hussein of Jordan, he apparently prefers his tacit alliance with Israel, which allows him to increase his influence in the West Bank at the expense of the P.L.O., as opposed to bold alternatives to the status quo.

The fact that a kind of monotonous routine now prevails in the Arab-Israel conflict does not make it any less dangerous. "It just means that there is a very long fuse that is burning slowly," said Meron Benvenisti, an Israeli expert on West Bank affairs. "But as the riots on the Temple Mount indicated, the potential for a terrible explosion is always there."

Another striking change is the way in which the focus of attention in the Middle East is shifting from the Arab-Israel theater to the Persian Gulf. The Palestinian-Jewish conflict seems to be slowly receding to its original nucleus and size, confined to the two communities inside Israel and the occupied territories, while the eastern Arab world is now fully engaged with the threat from radical Shiite Iran.

Today Teheran is the main preoccupation of the Arabs, not Israel and not the Palestinians, which was why Mr. Shultz scheduled a flight to Riyadh and meetings with Saudi leaders in the midst of his two-day stop in Israel. Even before Mr. Shultz touched down in Israel, his attention was being diverted to last week's missile attacks on tankers in Kuwaiti waters.

Finally, the other new feature greeting Mr. Shultz in the region is the Soviet profile. The Russians under Mikhail S. Gorbachev have adopted a new and rather subtle approach, with more reasonable and achievable objectives, said Ms. Golan, the Soviet specialist. "Shultz will find a Middle East that is much less frightened of the Soviet Union, particularly in the gulf," she said. "What Gorbachev has tried to do is really adopt a more Western-style approach to foreign policy." She added, "He is not overtly seeking military bases or trying to expand the socialist camp; he recognizes the limits of that in the Middle East."

Instead, the Russians are primarily trying to cultivate decent and normal relations with as many nations as possible — from Kuwait, Oman and the United Arab Emirates along the gulf, to Israel on the eastern Mediterranean. Through this low-key approach, Ms. Golan said, the Russians hope to increase their stature, broaden their options and insure that the United States, in the person of Mr. Shultz or his successor, will never again be able to operate in the region without taking Soviet interests fully into account.

U.S. Concerns In Arab World

Saudi Arabia

Despite or because of fears they may be drawn into the Iran-Iraq war, the Saudis have been quietly assisting the American naval flotilla in the effort to keep Persian Gulf oil flowing to the West. Friends of Israel in Congress recently blocked the sale to the Saudis of Maverick missiles. But under terms of a compromise agreement arranged by the Reagan Administration, Saudi Arabia expects to buy replacements for F-15 fighter planes.

Agence France-Presse

Secretary of State George P. Shultz with Foreign Minister Shimon Peres at welcoming ceremony in Israel.

Syria

The American Ambassador, William L. Eagleton Jr., is back in Damascus after moves by Syria that Washington considered helpful in the anti-terrorism fight. But the United States is pressing for the expulsion of terrorists affiliated with Abu Nidal from bases in Syrian-controlled eastern Lebanon. Damascus may be apprehensive as Moscow, Syria's superpower ally, moves to broaden its ties throughout the region.

Jordan

The United States is trying to enhance the influence of King Hussein of Jordan in the occupied territories in the West Bank as an alternative to the Palestine Liberation Organization. Washington is providing money to private groups for aid programs for Palestinians in the West Bank. Israel supports the effort.

Secretary Shultz plans to discuss the the moribund peace process with the King in London tomorrow.

Egypt

The United States props up Egypt's ailing economy with $2.1 billion a year in economic and military aid, second only to the $3 billion in American aid provided to Israel. Egypt wants more of the economic aid in cash and is pressing for reductions in interest rates on the military loans.

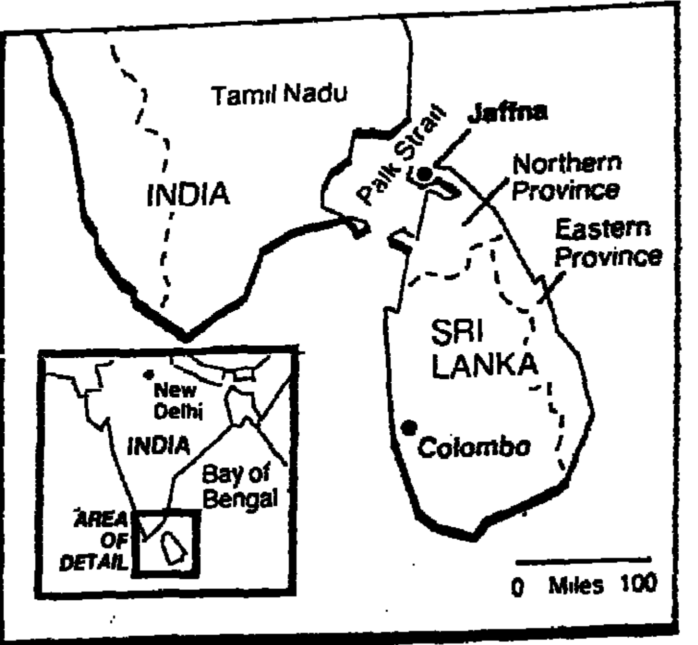
Moscow, which is trying to improve relations with Cairo after a long freeze, is offering to forgive some of Egypt's debts for military hardware.

The World

Tamils Dashing Indian Hopes for Peace in Sri Lanka

Svema-Michel Philippot

A member of the Liberation Tigers of Tamil Eelam, the largest rebel group, in a jungle camp in Sri Lanka.



By STEVEN R. WEISMAN

MADRAS, India

THE warfare in Sri Lanka last week turned the logic of India's original intervention upside down.

Only four months ago, Sri Lanka's army pressed an offensive against Tamil strongholds in the Jaffna peninsula. India stopped the Sri Lanka army offensive by air-dropping food to besieged Tamil areas and by sending a message to the Sri Lankan Government that it would not be allowed to achieve a military victory.

Now the supposedly neutral Indian troops are attempting to achieve just such a victory on behalf of Sri Lanka. Both countries seem to have embarked on a road with a completely unknown destination.

When Indian peacekeeping forces arrived in Sri Lanka last summer, officials hoped they would be home in six months. Now the number of Indian forces in Sri Lanka is estimated between 12,000 and 15,000; in the heavy fighting last week, scores of Indians and hundreds of Tamil rebels were killed.

Some commentators as a result have begun to speak of Sri Lanka as India's Vietnam. In an interview earlier this month, Prime Minister Rajiv Gandhi said, "I don't see ourselves getting bogged down or stuck," and he noted that India had been invited by Colombo to "maintain the peace" in Sri Lanka's north ans east. "As long as we are called to do that, we will do so," he said.

Last summer in Sri Lanka, President Junius R. Jayewardene had welcomed India's intervention in his nation's ethnic conflict despite the fears of many of his advisers that it could turn into a longterm prospect. The President appeared to be convinced instead by those aides who argued that the Sri Lankan army had failed to achieve a military victory and had become such a hateful presence in Tamil areas that such a victory was no longer possible. "The military promised us that victory was always around the corner," a top aide to Mr. Jayewardene said at the time. "They never delivered, and finally we stopped believing them."

But when Indian army troops landed after the Indo-Sri Lanka peace accord July 29, more than one army official saw it as a tragedy of historic proportions. "Once they come, we'll never get them out," said one officer, expressing the fear that the result would be a de facto annexation of Tamil areas of Sri Lanka by India, with the possibility that these areas could eventually even be absorbed politically into the southern Indian state of Tamil Nadu, which means Tamil Homeland.

To many, absorption of part of Sri Lanka into India is an almost unthinkable prospect, because of the repercussions in other nations in the region. But on a reporter's tour of the Jaffna area in August, many Tamils said that if given the choice, they would rather be part of India than Sri Lanka. In this sense, Sri Lanka could become like Cyprus, permanently divided amid conflicting claims of its neighbors. Most Tamils are Hindus, while the Sinhalese majority is predominately Buddhist.

Other countries in South Asia have long been suspicious of India's motives in intervening in the first place. But in the current situation, both New Delhi and Colombo are under great pressure at home to end Indian involvement quickly. Officials agree, however, that India can withdraw its troops gracefully only after it crushes the Tamil rebellion, arranges for an interim civilian administration and oversees elections in Tamil areas of the north and east.

After the Tamil guerrillas dropped earlier pledges to honor the accord, India felt it had no choice but to use force to implement its terms. Now other scenarios appear possible as the Sri Lanka fighting takes its toll on both sides. There is, for instance, the chance that more than 15,000 Indian troops — twice as many as originally contemplated — may achieve no greater success in disarming the Tamil separatists than other forces have had in ending violence by Sikh extremists in the northern Indian state of Punjab.

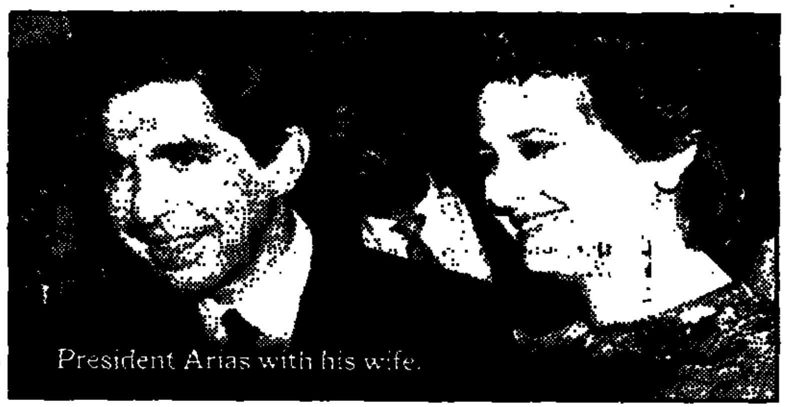
The siege of Jaffna by Indian troops was clearly more prolonged than India wanted, according to reports from Colombo. Like the Sikhs, Tamil militants appear determined and sufficiently well-equipped to continue pressing for an "eelam," or separate nation for their people, whether or not the goal is shared by other Tamils.

If a violent stalemate continues, many experts also agree that Prime Minister Gandhi might have to escalate India's involvement, perhaps inflicting even greater casualties on the Tamil population in Sri Lanka.

In the event of a stalemate, the other potential alternative for Mr. Gandhi would be to withdraw from Sri Lanka in what would almost certainly be viewed as a humiliating admission of defeat.

However uncomfortable Indians are becoming over the idea of a long-term commitment in Sri Lanka, such a setback would likely be seen as even more unpalatable.

Nicaragua



President Arias with his wife.

Associated Press

Arias Fights for His Plan

AS the President of Costa Rica was being congratulated last week for winning the Nobel Peace Prize, the Reagan Administration was continuing to plan for the collapse of the peace agreement for which he was honored.

President Oscar Arias Sánchez won the Nobel for working out a plan designed to end the war in Nicaragua between the Sandinista Government and the United States-supported rebels, known as contras.

The agreement, signed two months ago by the presidents of five Central American countries, including Nicaragua, is supposed to take effect Nov. 7. But the Sandinistas refuse to negotiate a cease-fire with the political leaders of the contras. Instead, they have declared unilateral cease-fires in three parts of Nicaragua and said they would negotiate only with contra commanders in the field or with the United States.

The Administration view is that the Sandinistas are not adequately fulfilling the cease-fire provision of the agreement. To persuade them to fulfill this and other aspects of the agreement, the Administration wants Congress to approve $270 million in new aid for the contras. The aid could be used to force the Sandinistas to negotiate a cease-fire, according to Administration officials. President Arias had advice for both sides last week. He urged the Congress not to approve the additional aid because, he said, this would give the Sandinistas an excuse to violate the agreement. But he told the Sandinistas that they should negotiate the cease-fire with the contra chiefs. Reacting to the award to Mr. Arias, Representative Jim Wright, the House Speaker, said it insured that Congress would not approve the request for new money for the contras "in a time of peace."

Another signer of the agreement, President José Napoleón Duarte of El Salvador was also active. The United States has supported Mr. Duarte's Government against the armed insurgency that wants to depose it. First, he hugged President Reagan and kissed the American flag; then he urged Congress not to approve new aid for the contras before January, to give the plan a chance to work. Later, when the subject came up again he seemed to back away, saying "I will not make any statement on contra aid." Administration officials said they are basing their strategy on the expectation that the Sandinistas will not negotiate the cease-fire with the contra leadership. Then, if the new aid was approved by Congress, the contras could resume fighting toward their goal of overthrowing the Sandinista Government.

JAMES F. CLARITY

Verbatim: Missile Misjudgments

'Maybe he placed the missiles without any real planning, without knowing what will happen afterwards.'

Fyodor M. Burlatsky
Speechwriter for Nikita S. Khrushchev,
reassessing the 1962 missile crisis at Harvard Univesity last week with advisers to President John F. Kennedy.

'I agree that to install the missiles on that island was adventurous because it did not take into consideration what would be the American response.

Sergei A. Mikoyan
Son of Anastas I. Mikoyan, Khrushchev's emissary to Fidel Castro.

Kind Words and $197 Million for Peacekeeping

Why Russians Are Wooing the U.N.

By PAUL LEWIS

UNITED NATIONS, N.Y.

FOR decades the Soviet Union grumbled whenever the United Nations sent troops to keep the peace in trouble spots around the world, usually refusing to help with either men or money.

But suddenly Moscow is expressing a new enthusiasm for those distinctive blue-helmeted United Nations soldiers and the calming role they can play in tense situations, monitoring truces and keeping bellicose rivals from one another's throats. A month ago Mikhail S. Gorbachev, the Soviet leader, hinted that Soviet policy was changing as he wrote in Pravda that "wider use" should be made of multinational United Nations forces "in disengaging the troops of warring sides and observing cease-fire and armistice agreements."

Last week, Moscow put its money where its mouth was, volunteering to pay $197 million in accumulated arrears toward the cost of United Nations peacekeeping operations it had refused to finance at the time they were set up. These include the peacekeeping force put in the Middle East after the 1973 Arab-Israeli war; the force that has since 1974 been monitoring the Golan Heights between Israel and Syria, and the Southern Lebanon force established in 1978.

"The U.S.S.R. will meet its arrears in full for peacekeeping operations without any exceptions," the Soviet Deputy Foreign Minister, Vladimir F. Petrovsky announced.

Signs that the Soviet Union now wants the organization to play a bigger peacekeeping role first appeared a year ago, when Moscow unexpectedly agreed to help pay for the United Nations 5,700-member force in southern Lebanon that has been trying since 1978 to separate the Israelis and their Christian allies from the Palestine Liberation Organization. More recently, Soviet Foreign Minister Eduard A. Shevardnadze even suggested that the United Nations replace the United States and other Western navies in the Persian Gulf with a multinational fleet flying its own pale blue flag, though Washington rejected the idea, saying it was impractical and that it would increase Russia's influence in the region.

For many Western diplomats, Moscow's new interest in the peacekeeping forces is part of a drive to give the United Nations a more effective role in resolving dangerous regional conflicts and preventing them from leading to a superpower confrontation. But these diplomats also think Moscow may want a stronger United Nations to help extricate it from numerous third world conflicts with a minimum loss of face. One such place might be Afghanistan, where Moscow has been encouraging the United Nations to negotiate a peace settlement between the Communist Government it is supporting and the American-backed guerrilla forces opposing it. Such a settlement, and the establishment of a peacekeeping force, might enable the Soviet Union to remove the estimated 120,000 troops it has there. This kind of disengagement would also leave the Kremlin's leaders with a freer hand to concentrate their energies on modernizing their country's domestic economy. Other analysts, however, warn that the Soviet Union could be seeking a propaganda victory at America's expense, posing as the champion of internationalism at a time when the United States is growing increasingly disenchanted with this role. By agreeing to pay all its United Nations budget arrears, the Soviet Union puts its accounts square, something the United States has not done..

"They are not incompatible aims," notes Brian Urquhart, who worked for decades on peacekeeping as the United Nations Under Secretary General for Special Political Affairs. "Moscow seems to want to develop an effective system for coping with dangerous third world conflicts. There could be a propaganda element in it. But let's give it a try. We've nothing to lose."

Congress Holding Back

Moscow is certainly warming to United Nations peacekeeping at a moment when United States enthusiasm for the world body is on the wane. The south Lebanon peacekeeping force faces a financial crisis and possible collapse because the United States refuses to pay its share of the peacekeeping operation, which was set up American insistence in 1978. Congress has since restricted the funds for this and other United Nations activities.

While Moscow is now paying off all its outstanding debts to the organization, Washington currently owes it $414.2 million, largely because Congress has been restricting how much it will give an organization that is widely viewed in Washington as wasteful and anti-American.

Moreover, Moscow's new interest in peacekeeping also comes at a time when new opportunities may be arising for United Nations forces to play a constructive role in some of the world's hot spots. Secretary General Javier Pérez de Cuéllar has received new Security Council instructions in his efforts to negotiate an end to the war between Iraq and Iran. If he succeeds, the cease-fire would probably require an impartial force to monitor compliance.

Dag Hammarskjold, who as Secretary General did more than anyone to build up the organization's peacekeeping role, cheerfully admitted he was stretching the rulebook. Peacekeeping, he joked, was justified by "Chapter Six and a Half" of the Charter, meaning that it fell somewhere between the United Nations duty to promote the peaceful settlement of disputes as laid down in Chapter Six and its little-used right to enforce peace under Chapter Seven. But while the Soviet Union now favors an expanded peacekeeping role for the United Nations, the peacekeeping forces have suffered a number of setbacks in recent months. Apart from its financial problems, the south Lebanon force, for example, has been criticized by both sides for failing to deter aggression. And the United Nations force in Cyprus has been assailed by some for encouraging the rival Greek and Turkish communities to live apart instead of teaching them to live together. Meanwhile, the United States has experimented in Beirut with multilateral peacekeeping forces that were not under United Nations control. And the Organization for African Unity has tried similar all-African operations in Chad and Mozambique.

Associated Press

A Fiji soldier with the United Nations forces in Lebanon at a roadblock near Tyre.

هكذا مع الأطفال

System Is Rocked by Conflicting Demands

Liberal Universities Battle For Survival in South Africa

By JOHN D. BATTERSBY

JOHANNESBURG

SOUTH AFRICA'S liberal English-language universities are locked in a battle for survival, caught between the demands of growing numbers of nonwhite students and the Government's insistence on a society in which white supremacy makes only limited concessions. While providing forums for anti-apartheid conferences and trying to promote a society open to all, the universities have clashed not only with the state, but also with sections of the liberal establishment and the English-language press.

Last week, the Government issued rules that threatened the schools with the loss of subsidies if they do not crack down on illegal anti-apartheid groups and activities. Dr. Stuart Saunders, head of the University of Cape Town, attacked the new measures, saying they were designed "to curb freedom of expression and dissent" and could "harm South African universities greatly, both nationally and internationally."

South Africa's 10 white universities — 4 English-language, 5 Afrikaans-speaking and 1 bilingual — are independent. The Afrikaner universities — with about 65,000 students, including only about 1,200 who are not white — have usually followed the Government's segregation policy.

The open schools are the white English-language universities (36,000 white and 9,000 nonwhite students) plus the University of the Western Cape, which has 7,000 students, most of them of mixed race. Until 1983, Government permission was required to admit each nonwhite. Then the schools united against racial quotas. The Government backed down and no longer controls registration.

The percentage of black students at the open universities has risen sharply, creating new challenges for these elite schools. At the University of the Witwatersrand, the largest university, the proportion of blacks has risen from under 4 percent in 1964 to about 18 percent.

An extraordinary event took place before the whites-only parliamentary election in May. A multiracial crowd of more than 2,000 students gathered at Witwatersrand to hear Winnie Mandela, the wife of Nelson Mandela, the imprisoned African National Congress leader.

She is a student at Witwatersrand, one of the open schools. The police prevented her from speaking and chased the waiting students. When 60 mainly white faculty members joined the crowd, they were bombarded with tear gas cannisters.

The National Union of South African Students, the dominant student organization at the English-language schools, called on whites to question the consequences of participating in a white election. Black-led anti-apartheid and student organizations urged whites to consider whether they should participate in a system that excludes the black majority. Mrs. Mandela, it turned out, wanted whites to vote against the Government.

The student-inspired campaign led to a partial boycott of the elections, which angered white liberals such as the human rights campaigner Helen Suzman. She was reelected to Parliament in the face of growing right-wing sentiment but said the boycott was partly responsible for her Progressive Federal Party's poor showing.

A few weeks earlier, Mrs. Suzman herself was barred from speaking at Witwatersrand. Fearful of student unrest in view of the student union's anti-election stand, the university had barred all political party speakers. Some Suzman supporters attacked that decision as a breach of free speech and Mrs. Suzmam protested that she had been prevented from arguing the case for participating in the election, while people opposing the election had been offered a university platform.

Two-Pronged Attack

Heckling of speakers who do not espouse the anti-apartheid movement has become commonplace, sometimes erupting into violence. A. Michael Rosholt, the Witwatersrand chancellor and chairman of the Barlow Rand industrial conglomerate, offered a rationale for the excesses of the black radicals.

"These are breaches of freedom of association and speech and, as such, are unacceptable," he said. "But what must be taken into account is that the student very often comes from a community whose own meetings have been banned and many of whose leaders have either been detained or muzzled."

Mr. Rosholt asked: "Is it completely incomprehensible then that he should be unwilling to listen, for instance, to the views of someone he believes supports the system which has brought about this state of affairs?"

The efforts of liberal university principals such as Karl Tober of Witwatersrand, and Dr. Saunders of the University of Cape Town, have drawn a two-pronged attack. Old Guard liberals and some English-language newspapers have accused their schools of abandoning free speech and letting Marxist academics take over.

The Government, meanwhile, has threatened for months to withdraw subsidies unless the universities accepted demands for political discipline. Last summer, the English-speaking schools closed ranks against the restrictions. They were joined by the rector of the mixed-race University of the Western Cape, Jakes Gerwel, who calls his institution "the university of the left."

Professor Tober said already diminishing state subsidies and the needs of black students coming from inferior educational facilities were taking their toll on the university. At Witwatersrand, for example, some parents complain that scholarships and tutors for students from disadvantaged schools are draining diminishing resources at the expense of academic standards.

But Professor Tober says the university has a primary obligation to deal with change and innovation in South African society. "We had to recognize the criticism that this university was elitist in the eyes of some and that we were called upon to serve the society to a greater extent," he said.

Enrollments at South African universities*

5 Afrikaans-speaking universities
63,800 whites
1,200 nonwhites**

4 English-speaking universities
36,000 whites
9,000 nonwhites

University correspondence courses (in Afrikaans and English)
51,000 whites
21,500 blacks
9,500 Indians
4,300 mixed race

1 bilingual university (courses in Afrikaans and English)
3,900 whites
300 nonwhites

9 black universities (courses in English and African languages)
35,151 blacks
273 whites
114 mixed race
48 Indians

1 mixed-race university (courses in Afrikaans and English)
6,000 mixed race
470 blacks
270 Indians
95 whites

1 Indian university (courses in English)
6.000 Indians

*1986 figures
**Nonwhites include black, mixed-race and Indian students

Source: SA Barometer and South African Consulate

The 2 Chinas

Reuters

Taiwanese journalists Hsu Lu (left) and Lee Yung-teh sightseeing in Beijing last month.

A Mellowing Taiwan Sees A Different Mainland

By NICHOLAS D. KRISTOF

TAIPEI, Taiwan

WHEN the Manchus toppled China's Ming Dynasty in 1644, supporters of the Ming emperors fled to southern China and the island of Taiwan, vowing that they would soon recover the mainland. They never did, of course, although the invading Manchus were gradually assimilated into Chinese society and culture.

When the Communists toppled China's Nationalist Government in 1949, supporters of the Nationalist leaders fled to Taiwan, vowing that they would soon recover the mainland. They have not, although some of the vitriol and dogmatism of the Communists seems to have dissipated.

Most analysts give Taiwan only a slightly better chance than the Ming emperors of regaining China. As that realization sinks in, tough questions are surfacing that go to the heart of the Republic of China, as Taiwan calls itself: What is to be done vis-à-vis the mainland? How long can the Government claim to be the legitimate ruler of all China? How long can it continue to refuse all contact with the mainland?

The contention that the Government here is China's Government may be maintained for the foreseeable future, but cracks have appeared in the facade. Last week, the ruling Nationalist party formally approved the lifting of the ban on visits to the mainland for family reunions. The Government is allowing publication of some mainland books. It is becoming easier to import traditional medicines that originate in China. There is talk here of cultural, scientific and sports exchanges, and some officials would even like to see trade and investment links.

Family reunions aside, the ban on visiting the mainland will continue. But officials here sometimes seem to suggest that the ban is mostly for show, to withhold legitimacy from the Communists, and will not be rigorously enforced. "It's very difficult to verify," said John H. Chang, the Vice Minister of Foreign Affairs. "If they say they went to see relatives, what can we do? So the tendency is to be more lenient." The increased leniency (people who have made visits to the mainland are no longer jailed) reflects a general mellowing. Martial law was lifted in July. New political parties have formed. The press is increasingly bold, anticipating the lifting of certain press restrictions on Jan. 1. Government film censors have relaxed, allowing the showing of "Daughter of the Nile," a recent film with an unflattering portrayal of Taipei.

In part, the new attitudes seem to reflect the same pressures for liberalization that have appeared in South Korea and Hong Kong. Extremely rapid economic growth — 7 percent a year per capita over the last 20 years, compared to 2 percent in the United States — has fostered a prosperous middle class that increasingly wants to participate in the political process. At the same time, the number of students in higher education has surged from 10,000 in 1953 to more than 430,000.

38 Years on the Island

An older generation that accompanied Chiang Kai-shek to Taiwan in 1949 is handing over power to a new generation — too young to remember the mainland, less ideological, and armed not with bazookas but with American Ph.D. degrees. Shaw Yuming, the new 49-year-old chief Government spokesman (Ph.D., University of Chicago), has books in his office that at one time could have been read only under the bed covers, including works from China and "The Soong Dynasty" by Sterling Seagrave, a harsh portrayal of Chiang Kai-shek. It is necessary, Mr. Shaw explains, to know your enemy.

While the younger generation is generally urging greater tolerance, there are concerns that this could also increase the pressure for Taiwan to declare itself independent, separate from China, perhaps after President Chiang Ching-kuo, son of Chiang Kai-shek, leaves the scene. The one thing Beijing and Taipei agree on wholeheartedly is that Taiwan is an integral part of China. However, the increased tolerance poses the risk that if people are allowed to say what they think, some — perhaps 25 percent, some analysts estimate — will say that Taiwan should be independent.

Moreover, the two Chinas are moving farther apart. For the vast majority of Taiwanese, the mainland is an ethereal place that they have never seen and never expect to see. The Nationalist Government lasted on the mainland from early in 1912 to the fall of 1949, a bit less than 38 years. On Oct. 1 the Communists celebrated 38 years of the People's Republic of China, which means the Nationalists have been on Taiwan longer than they ruled on the mainland.

Jaw Shaokong, a legislator, says visits to the mainland and other contacts will make reunification more likely. "If we keep away from mainland China, we'll be moving toward independence," he argues. But while more people from Taiwan are now expected to make legal and illegal visits across the Taiwan Strait, a Western analyst here warns that they may find the economic and social gulf is too great to be bridged. Per capita income on Taiwan is more than 10 times higher than on the mainland. In a revealing comment, Hsu Lu, a journalist who made an illegal visit last month, said afterward: "I will never go back to mainland China as a reporter. It's too boring."

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The Nation

Addressing a Republican Party fund-raiser in Whippany, N.J., last week, President Reagan didn't disguise his feelings about the opponents of Judge Robert H. Bork.

The New York Times/William E. Sauro

Reagan's Heart Winning The Battle for His Mind

By STEVEN V. ROBERTS

WASHINGTON

"LET Reagan Be Reagan" has long been the cry of the President's conservative supporters. But last week in New Jersey, there seemed to be two Ronald Reagans addressing the question of the Supreme Court and his apparently doomed nomination of Judge Robert H. Bork. They took dramatically different tacks. Yet both could claim to be the real thing.

One Reagan delivered a speech to the New Jersey Chamber of Commerce in Somerset that was notable for its moderate tone — and for its difference from an advance text distributed that very morning.

The earlier version contained the charge that Judge Bork "has been the victim of a sophisticated campaign of smears and lies." Alarmed that such harsh language could hinder confirmation of the next nominee, White House aides rewrote the talk at the last minute. As Fred I. Greenstein, professor of politics at Princeton University noted: "He's such a trouper that, in one sense, the true Ronald Reagan is the one who sticks to the script."

But later in the day, as he finished addressing a Republican fund-raiser in Whippany, the President let his feelings spill out. Urged on by a cheering crowd, Mr. Reagan ad-libbed an ending, taunting the Democrats and promising that if he has to name a different Supreme Court Justice, "I'll try to find one that they'll object to just as much as they did to this one."

"This is the other true Reagan, the ideologue," said Professor Greenstein, a scholar of the Presidency. "He was flushed out."

The New Jersey trip was one of several recent occasions when the President's comments illuminated an underlying conflict between the counsel of his advisers and his natural instincts.

Another example involves the Iran-contra scandals. For months, Mr. Reagan has been counseled to express regret and to accept the Tower Commission's conclusion that the affair amounted to an arms-for-hostages trade that never should have happened. In a nationally televised address in March, Mr. Reagan said "my heart and my best intentions tell me" that the initiative was not a trade for hostages. "But the facts and the evidence," he continued, say that it was.

Unpalatable Choices

Nevertheless, in an interview with Fred Barnes in The New Republic of Oct. 26 Mr. Reagan demonstrated that he still trusts his heart. The deal, he said, "was not trading arms for hostages," and was worth pursuing. Its aim, the President continued, was for the United States "to be in a position to influence what kind of a government there would be after the Khomeini." That explanation has been abandoned as unconvincing by those who contrived the scheme.

And then there is the matter of the Federal deficit. Late last month, Mr. Reagan bowed to the urging of his advisers, particularly Howard H. Baker Jr., his chief of staff, and agreed to sign a new version of the budget-balancing law known as Gramm-Rudman-Hollings. Mr. Reagan despised the bill, mainly because it would force him to choose between raising taxes or cutting military spending. It requires automatic spending cuts, half from the Pentagon, if Congress and the White House do not agree on how to reduce the deficit to specified levels.

Indeed, the Congressional Budget Office last week issued its estimate of cuts that will become law next month if the deficit is not otherwise reduced. The military would loose over 10 percent of its budget this year — a cut that could be diminished by a plan approved by the House Ways and Means Committee last week, for a $12.3 billion deficit-reducing tax increase.

At the bill-signing for the budget-balancing measure earlier this month, Mr. Reagan reminded the assembled audience that most Rose Garden ceremonies are "happy occasions." Then, with many lawmakers who crafted the legislation squirming uncomfortably, the President added: "This one is not. This is a bill that I'll sign with great reluctance."

Such incidents indicate that the struggle for the President's mind between two camps, pragmatists and purists, has intensified.

In the past, Mr. Reagan's superb political skills have often been sufficient to paper over the fissure.

On controversial social issues, such as abortion, he has generally heeded the warning of pragamists, led in his first term by Treasury Secretary James A. Baker 3d, then White House chief of staff, that spending much political capital on them could alienate mainstream voters. Meanwhile, he has mollified purists, led by Attorney General Edwin Meese 3d, with his determined rhetoric.

But as the President's power dwindles in the last 15 months of his Administration, the cracks are showing. Howard Baker came into the White House with a reputation as a master compromiser. Mr. Baker's first months disappointed those in Washington who had hoped for a more conciliatory tone from the Oval Office. Now he is pushing harder, trying to convince Mr. Reagan that in a changing political climate he must be more accommodating.

That effort was directly reflected in the rewriting of the Tuesday speech. The chief of staff did not want irritations in Congress generated by the Bork fight further inflamed. The ad-lib a few hours later showed that, deep down, the President has not yet accepted the Baker approach.

Bill Would Ease Rules That Keep Federal Workers Out of Politics

A Shield for Bureaucrats — Or Is It Constraint?

David Gothard

SINCE 1939, when the Hatch Act was enacted, civil servants have been forbidden to take part in partisan political campaigns or to solicit campaign funds from colleagues.

Proponents of change have long argued that the restrictions are unnecessarily complicated and unfairly block Government workers from participation in civic affairs. The status quo has been successfully defended by those who caution that revision could jeopardize the impartiality of the Federal work force and expose Government employees to the sort of undue pressure that prompted the Hatch Act in the first place.

Now on the floor of the House of Representatives is a measure that would remove most restrictions on Federal workers and postal employees and even allow them to run for partisan political office. Representatives William L. Clay, Democrat of Missouri and the bill's author, and Frank R. Wolf, Republican of Virginia, an opponent of the bill, discussed the proposal last week with David Johnston, a reporter in the Washington Bureau of The New York Times. Excerpts of the interviews follow.

Clay

A Question of Rights

Question. Why do you think legislation overhauling the Hatch Act is needed?

A. It would permit Federal employees to participate in the political process the same as all other citizens. Status or position should not be a reason for denying people the right to exercise their constitutional rights. This is a First Amendment question of free speech and free assembly and free association.

Q. Isn't it important that Federal employees remain free from political influence?

A. That's not a valid argument.

You go to some of these shipyards where half of the employees are Federal employees and the other half are civilian employees. The half being paid by the Federal Government can't participate in politics. Now what kind of sense does that make?

Q. But if the bill was enacted wouldn't employees be open to pressure from their superiors to participate in politics?

A. They're open now. This bill strengthens the penalties for coercion by supervisors.

Q. Will the public's confidence in the Federal work force decline as result of this legislation?

A. I think what the citizens are looking for is courtesy and responsiveness on the part of civil servants. I don't think their views when they get off from work — This bill prohibits any type of politicking while you're on duty or in uniform or in a Government vehicle.

It's ridiculous to say that the Hatch Act is in any measure fair. You've got a compilation of more than 3,000 regulations in one piece of legislation. Nobody understands what he or she can or cannot do.

You've got regulations saying you cannot put a sign up on your lawn and others saying it can be only so large. If it's an inch higher than they prescribe, you're in violation. You've got some agencies saying, "Yes, it's proper" to put a bumper sticker on your car, and other agencies saying you can't drive that car on Federal property. And when a person says, "Look, this car is used by me and my wife," they say you have to take the bumper sticker off when you use it.

Q. Is there a political agenda here or an effort to involve workers in party politics?

A. The composition of the Federal work force reflects the society in general. You'll find some Democrats, some Republicans, some who just don't want to get involved. But if a Federal employee voluntarily wanted to go out and campaign for a Democrat or for a Republican, that should be his right.

That's why it's necessary to give Federal employees a fighting chance. They ought to be like anyone else in our society. They ought to be able to go out and support their friends and campaign against their enemies. People who sit in this Congress and vote day after day against the best interest of Federal workers ought to be held accountable in some manner.

Wolf

A Need for Protection

Question. Is a change in the law needed?

A. Although there could be some modifications, I think the basic protections that it offers Federal employees work well.

The thing works so well and we have such a good work force that we want to be careful that we don't change this law in such a way that can bring about possible coercion of Federal employees, either indirect or direct.

Possible acts of coercion are less desirable assignments, exclusion from certain activities, a job performance appraisal or transferring a person.

The second problem is there really isn't any consensus among Federal employees on this issue. My general sense is that they really would like to keep the protection. I took a questionnaire — it's not scientific by any means — in 1983, and in that questionnaire 66 percent favored the Hatch Act as it is, 19 percent wanted change, 15 percent were undecided.

Q. Advocates of the new bill say there are stronger penalties against coercion in it.

A. That's not true. Now, you can't even ask a Federal employee to do these things because he can say, "I'm Hatched." So it gives total protection. What is permitted by this bill will be really what is expected of a Federal employee.

Secondly, for the enforcement procedures, the bill gives the enforcement authority to the special counsel of the Merit System Protection Board. That is as weak an agency as is known in the Federal Government. If they were going to do anything they ought to give it to the criminal division of the Justice Department.

Q. Don't Federal employees have a basic right to engage in political activity like any other citizen?

A. I have such a high regard for Federal employment. It's above politics. When you get massive procurement contracts, when you get Internal Revenue Service auditors, when you get people in law enforcement, you really have to make sure that you don't endanger the entire concept of employee independence and freedom from coercion.

It is a very high calling and one that we want to keep out of political pressure. Federal employees can register, they can vote, they can assist in voter registration, they can express their opinion, they can participate in campaigns where neither party is involved, they can contribute money to political campaigns, they can wear lapel pins, they can attend political rallies, they can join political clubs, they can sign nominating petitions, they can get involved in referendums — and maybe there ought to be some other relaxation.

Q. How would you change the law?

A. I don't want to shake this thing up. It's working well. The American people are being well served. And I think that, before you radically change something whereby they could be coerced both for financial contributions and for their time, I think we ought to look at it very carefully. This bill is flawed in so many ways. So let's set up a blue-ribbon panel and let the General Accounting Office investigate it and come back with recommendations. I think those recommendations would be adopted very fast.

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Arts & Leisure

Ozawa Enters a 'New Era' With the Boston Symphony

By ANDREW L. PINCUS

As Seiji Ozawa begins his 15th year with the Boston Symphony Orchestra, he finds himself in the position of a husband who has renewed his marriage vows after a period of household strife. The orchestra's music director, who turned 52 last month, says he's entering a "new era" with the orchestra — older, wiser and more comfortable with the players and a new management team.

Mr. Ozawa and the Bostonians will be making their annual fall visit to Carnegie Hall this week with a program of Hans Werner Henze's Symphony No. 7 and Beethoven's "Emperor" Concerto, with Murray Perahia as the piano soloist. The appearances follow a Tanglewood season in which some critics, listeners and players detected a greater confidence and depth in his conducting.

Mr. Ozawa agrees that something has changed in him. Until recently, he said in an interview at his country home in the Berkshires, he put his orchestra on such a pedestal that he was afraid to assert his authority with it. He doesn't have that problem when he guest-conducts in Berlin, Paris or Tokyo, he said. But, because he first came to the Boston Symphony as a poor Japanese student at Tanglewood in 1960, it was — and is — "for me the most special orchestra."

Reared and trained in Japan until he was 24 years old, Mr. Ozawa still has difficulty expressing complex ideas in English. Only by reaching high over his head could he suggest the awe he felt for the orchestra on his first encounter with it under Charles Munch, his eventual mentor, that summer at Tanglewood. As its conductor he became "timid," "shy," "hesitating" or "mild" — the exact word eludes him — in asking it to follow him into battle.

The hesitation, Mr. Ozawa admitted, is a "very unlogical thing, because I am musical director here. Usually when you go guest-conducting, you become milder because you have no responsibility. In my case it was a little different."

Players noticed this year's difference. The principal second violinist, Marylou Speaker Churchill, who in the past has publicly taxed the conductor with superficiality, agrees that he formerly "treated us as Munch's orchestra and the orchestra he knew as a student." Now, she says, "he truly cares about the orchestra, and he sometimes shows it in ways the orchestra reacts to," both personally and in its playing. Among other Zthings, he has begun demonstrating concern for new players' happiness, she says.

The assistant concertmaster, Max Hobart, says Mr. Ozawa is "now much more interested in suggesting bowings to the strings and trying our ideas. It's very nice to see him develop in this way along with his other musical development." Ralph Gomberg, who retired last month after 37 years as principal oboist, observes that Mr. Ozawa is "expressing his feelings more about the music, rather than worrying about remembering the music." He says discipline remains a problem in the orchestra, however.

Other musicians, while agreeing that there have been changes, feel he still has basic weaknesses as an interpreter of the standard symphonic repertory.

Some players suggest that the key to the changes was the departure of Joseph Silverstein, who left as concertmaster three years ago for the Utah Symphony's podium to fulfill his own conducting ambitions. Mr. Silverstein, these players say, was often a rival to Mr. Ozawa for control of the orchestra, making Mr. Ozawa uncomfortable.

Mr. Ozawa said the change in him began gradually about two years ago, when he found himself asking: why am I doing this with the orchestra? He remembered that Herbert von Karajan, his teacher just after Munch, had once told him that it had taken him 20 years to understand how his orchestra worked, and only after his third recorded cycle of the Beethoven symphonies could he say "he was really happy."

Now, with graying hair, Mr. Ozawa's turn has come.

It's not just that one morning he woke up and found himself changed. "It's come very slowly. You can't change those things by thinking, you know. It has to change by intuition. But also, the orchestra is getting more serious, too. The Boston Symphony is working harder and the work is deeper now. I can smell that."

Mr. Ozawa's nose also told him that because he and the orchestra knew each other better, he could afford to take greater risks on the podium. In the Mahler Fifth at Tanglewood this summer, for example, he changed some of the rehearsal tempos and phrasings during the performance, giving it a freer, more Viennese air.

"That makes performances more interesting and more exciting and deeper, I think," he said. "And it took me many years to do this."

Finally, said Mr. Ozawa, with the installation of Kenneth Haas as managing director last March and the signing of a new three-year labor contract with the players last fall, he and the orchestra felt they could settle down and concentrate more on the music, rather than on administrative problems. Mr. Haas's appointment, ending a yearlong interregnum and an unsettled period in management before that, coincided with the election of a new board president, George H. Kidder, who set for himself the goal of revitalizing the orchestra administratively and artistically.

The 13th music director in the orchestra's 106-year history, Mr. Ozawa came to Boston after four years with the Toronto Symphony and three years in San Francisco. (San Francisco and Boston shared him as director from 1973 to 1976.) Because of his Tanglewood associations and his brilliant promise, the orchestra at first gave him a hero's welcome, but by the late 1970's the honeymoon was over and the complaining — inevitable for almost any music director — began.

Players as well as critics grumbled about a slickness in his conducting. He could be astonishing, everyone agreed, in large-scale, out-of-the-way works like Schoenberg's "Gurrelieder" and Berlioz's "Damnation of Faust," where he exercised a field marshal's powers over the large performing forces. But in wide areas of the standard repertory, chiefly the mainstream German works from Mozart to Brahms, surface excitement dominated his work, the complainers said. Calls for his replacement were heard.

Mr. Ozawa, meanwhile, took up opera conducting, and he and his Japanese-Russian wife, Vera, decided to educate their two children in Japan. He began a series of absences to broaden his guest-conducting — in both opera and symphonic work — and be with his family in Tokyo. Turmoil over his absences and over the gaps in his repertory grew until 1979, when Mr. Ozawa, at a party he gave for the players while on tour at the Salzburg Festival, apologized for his absences, said his troubles were behind him, and promised to rededicate himself to the orchestra.

Still slim and lithe on the podium, Mr. Ozawa now spends 22 weeks a year with the B.S.O. — about as much as the time put in by most conductors of the major American orchestras. (Among those conductors, his 15-year reign with the B.S.O. is exceeded only by the 19 years of Chicago's Sir Georg Solti, who plans to step down in 1991.) He has gradually been cutting back his guest-conducting so that only Berlin and Tokyo remain on his schedule. He continues to do one opera production a year, usually at the Paris Opera or La Scala. The lighter schedule allows him more time with his family, which in turn visits him at Tanglewood, and to study and relax more. "It's about time," he said.

A danger for the Boston Symphony, as for all American orchestras, is routine, according to Mr. Ozawa. "Every Thursday night, every Friday afternoon, every Saturday night, every Tuesday night, we give a concert," he said. "That becomes routine, and that's an enemy to music."

To break the lockstep, Mr. Ozawa has been introducing exotic works like "Wozzeck" into the orchestra's subscription season. A semi-staged performance of Berg's opera last spring featured Hildegard Behrens and Benjamin Luxon in the leading roles. Even the normally dour Boston critics cheered. Richard Strauss' "Elektra" will follow this winter in both Boston and at Carnegie Hall, again with Miss Behrens.

Some players suggest that a major catalyst in Mr. Ozawa's coming of age — if a coming of age it is — is a concertmaster of his own choosing (Malcolm Lowe) and strong support provided by Mr. Haas, the new manager, and Mr. Kidder, the new board president. Ozawa, according to these players, finally feels free to be Ozawa.

"I want to think this is a new era for me," Mr. Ozawa said. "New management came in and I feel very good with management, and we're working very closely as orchestra members. And I personally feel very free that I can do anything —there is no box on my work. And certainly I know my group better and they know me better — for good or bad. And I know the board of directors is very enthusiastic over the future of the Boston Symphony now. So I feel it's good to have a second start for me. That's my feeling." □

Walter H Scott

Seiji Ozawa, the Boston Symphony Orchestra's music director.

The 1987 New York Film Festival: High on Style

By VINCENT CANBY

At the age of 25, the annual New York Film Festival, which closed last week, has been running almost as long as Johnny Carson's "Tonight Show," possibly for many of the same reasons. It has no overwhelming personality that turns audiences into fanatics who either love it or hate it. As Carson fans *like* him, festival audiences trust it. The festival exists to serve — to introduce and present acts of varying degrees of interest, which pay heed to contemporary fashions without, it seems, being subservient to them.

Like Johnny Carson, the festival is incurably middlebrow, which goes with the real estate, but it's also skeptical. When its selections are compared to "Fatal Attraction," "Stakeout," "Robocop" and the other films that dominate commercial theaters these days, they seem positively avant-garde.

Then, too, much in the way that the deceptively innocuous Johnny will slip the occasional zinger to Ron, Nancy or the Pope (followed by an innocent "There goes my invitation to the White House/Vatican"), the festival will show "Letter to Jane" or "Othon" or "Salo" or "Sid and Nancy" or, as this year, Rosa von Praunheim's "Anita — Dances of Vice."

These are the films that, by being boring, shocking or incomprehensible, prompt walkouts, which are something the festival is short of. Within reason, walkouts are to be encouraged. If nothing else, they prove that at least some members of the Lincoln Center audiences are still alive. They're not so inhibited by the solemnity of the hall or the ludicrously hyperbolic program notes that they've stopped thinking for themselves.

The 1987 festival wasn't a corker. There were no discoveries. Even the retrospective selections were comparatively tame. Out of circulation since 1972, "The Manchurian Candidate" (1962), the John Frankenheimer-George Axelrod adaptation of Richard Condon's novel, is as evilly funny as it ever was, though its politics now look inscrutable. (It seems to approve of political assassination, given the deserving victim.) Roberto Rossellini's "Joan at the Stake" (1954) and "The Human Voice" (1948) are footnotes to the career and the private life of a great film maker.

The most interesting debut at the festival wasn't that of an unknown talent, but the horizontal move of the playwright David Mamet making his debut as the director of his first feature film, "House of Games." Familiar personalities returned, and how one responded to them, including Alain Resnais ("Mélo") and Eric Rohmer ("L'Ami de Mon Amie"), was dictated as much by the past performances of these directors as by the new films themselves.

Do you groan or smile when Bob Hope makes one of his royal appearances with Johnny Carson? Do you turn quickly to MTV when Jerry Lewis comes out and humbly takes over "The Tonight Show"? By this time, the response to a new Rohmer or Resnais film is probably knee-jerk automatic.

Mr. Rohmer goes on year after year refining his small, brilliant, crystalline comedies of manners, each film a variation on the ones that have gone before. The pleasure in a Rohmer comedy is provided not by its revelation of a new sensibility, but by the surprises with which he continues to invest his work. (He also appears to have access to an unlimited supply of extraordinarily attractive, brand-new young actors — this year's find being Emmanuelle Chaulet.)

Mr. Resnais, whose "Muriel" was at the first New York festival, hasn't continued to make the same film over and over again, though his preoccupation with style-as-content remains steadfast. To this extent, "Melo" was running with the crowd at the 1987 festival. Never, in my memory, have there been so many films in one Lincoln Center show that either traded on their looks or so proudly proclaimed their lack of interest in what passes for realism in conventional movies. In theory this is all to the good. In practice, the results were mixed.

"Mélo," adapted from a now-creaky 1929 Henry Bernstein romantic melodrama that was a hit in New York and Paris, calls attention to its theatrical origins by being played as if on a stage, with prettily lit, three-sided sets and a curtain (painted) dropped between "acts." This admission of fakery, though initially interesting, does nothing to enrich (or excuse) the preciousness of the text.

There seems to be an intense desire to provoke outrage-through-décor in Mr. von Praunheim's "Anita — Dances of Vice." This is about a cheerily lewd old schizophrenic Berlin woman who goes around town taking off her clothes and claiming to be Anita Berber, the dancer notorious in the 20's for performing nude. However, the visual elegance of the film's hallucinatory flashbacks (to the Anita of the 20's) works against stylistic tackiness, sometimes known as camp, which, in earlier von Praunheim films, has been the director's most effective weapon against philistine values.

In both "A Taxing Woman," Juzo Itami's very modern comedy satirizing the "new" Japan, and Mr. Rohmer's "Ami de Mon Amie," a romantic comedy set in one of Paris's spanking-new satellite cities, the look of the film is integral to director's method and what the movie is all about.

Mr. Rohmer never goes inside his characters' heads. All we know of them we learn from physical appearances and what they say, which is often mistaken. The handsome facades and not-quite-finished landscaping of Cergy-Pontoise, where the film takes place, discreetly reflect the emotional predicaments of Mr. Rohmer's young characters. They've planned their lives carefully but, somehow, things never work out according to their blueprints. They live their lives like tenants in just-completed apartment buildings, forever making adjustments to sudden emergencies unforeseen by the architects.

From its opening sequence, in which a senile, dying old man is seen being nursed by his nurse, "A Taxing Woman" is stuffed with sights as bizarre as its heroine. She's a woman who finds her job as a tax collector terrifically fulfilling, whether she's scaring mom-and-pop shopkeepers or playing a cat-and-mouse game with a big-time mobster. The film's sometimes astonishing images are full of the same kind of sarcasm that Mr. Itami is directing toward Japan's newly triumphant materialism.

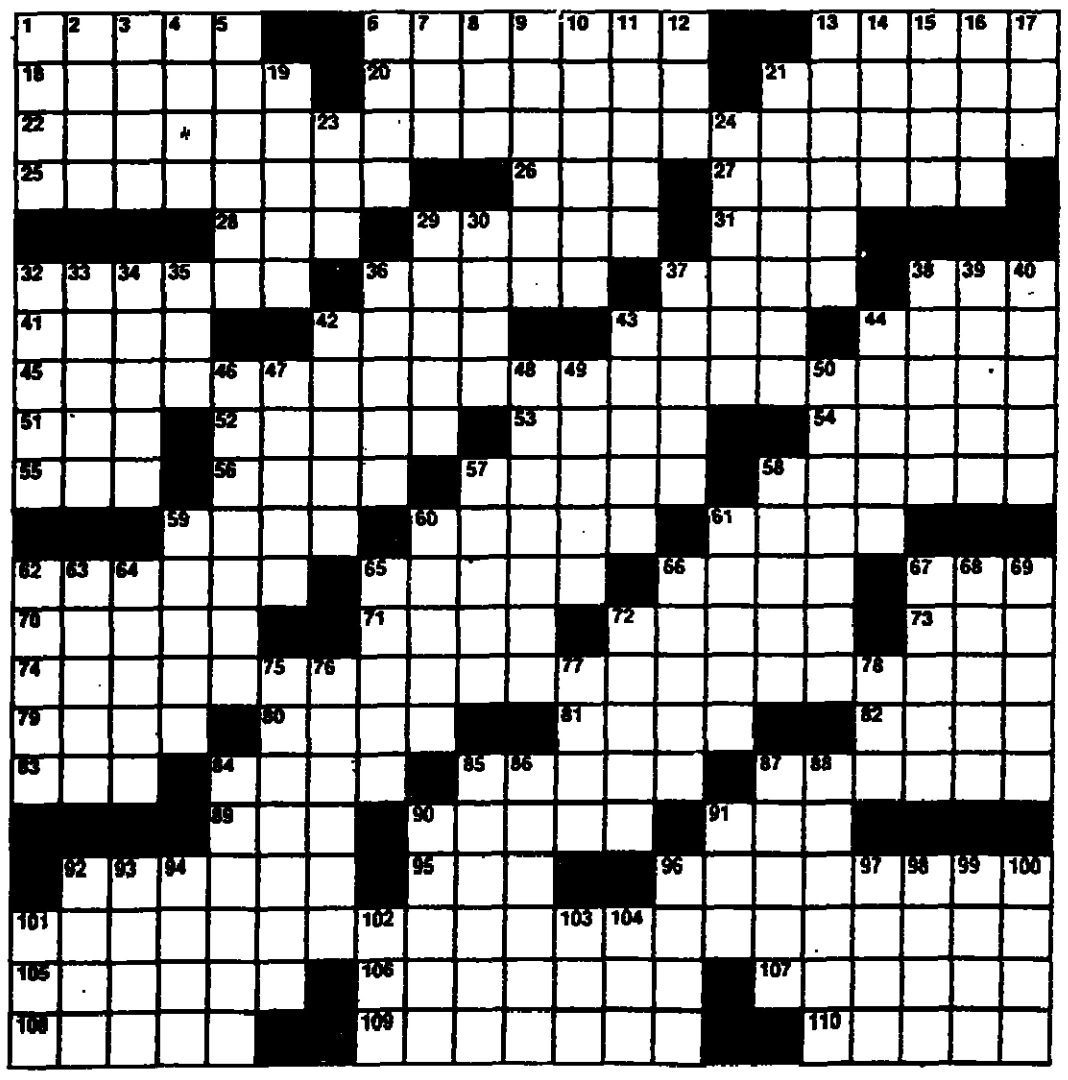
The festival's most securely stylized film was "House of Games," Mr. Mamet's melodramatic comedy about confidence artists for whom, as the film maker knows, style is all. Having written screenplays ("The Postman Always Rings Twice," "The Untouchables") for other directors, Mr. Mamet, this time in the director's chair, gets the opportunity to show us how he wants his work to look and sound onscreen. The result is an ironic nightmare in which a seemingly rational woman (Lindsay Crouse) finds herself increasingly committed to a deadly serious, if metaphorical, poker game.

The manner of the film is no more realistic than the situation. The outside world — a large American city — remains as faceless to us as to the characters, who exchange their lines in speeded-up, highly theatrical monotones. The camera is positioned to catch images as self-conscious and artificial as the tale being told.

Because Mr. Mamet expertly builds the suspense, what (in other films) passes for reality seldom intrudes. There's no time to think about it. From the beginning to very near the end, "House of Games" creates and sustains its own weird reality, which is something rarely accomplished by even far more experienced directors. The Pulitzer Prize-winning tyro has arrived.

Sore Bones and Sawbones

BY ALFIO MICCI/Puzzles Edited by Eugene T. Maleska



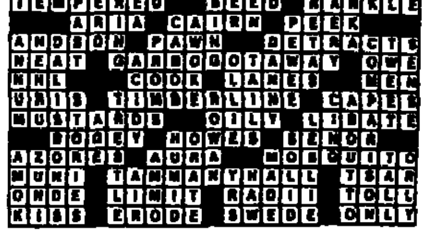
ACROSS

1 Poet Nicolson
6 Dolphin's cousin
13 —— Lama
18 Pliant
20 Reaches
21 Pattern
22 Start of a four-line verse
25 Accumulated
26 Santa ——
27 Innuit or Yuit
28 Understand
29 Chuck's follower
31 French soul
32 Tongs' partner
36 Ceremonial acts
37 Saharan
38 Lummox
41 Length times width, e.g.
42 Part of être
43 Galatea's lover
44 Model McPherson
45 Second line of verse
51 "A —— cara," Bellini aria
52 Court allegations
53 Despicable
54 Teheran native
55 Caravansary
56 Bluewing
57 Group of six
58 Three sheets to the wind
59 Choreographer Michael
60 Vetches
61 Mend
62 Edit film
65 Judges' garb
66 Marine flier
67 Summer quaff
70 Living teddy bear
71 Of a hypothetical unit of living matter
72 Veranda
73 Pedro's aunt
74 Third line of verse
79 Mind, to Marcus
80 Paris airport
81 "An apple —— . . ."
82 Winged
83 Opposite of post
84 Off Broadway award
85 Pipe
87 Mower
89 Wheat, in Grenoble
90 Brands
91 Neckpiece
92 Kind of path
95 Word with kin or nip
96 Ode
101 End of the verse
105 Nimble
106 Was a diarist
107 Strip a whale's blubber
108 Clio or Edgar
109 Certain motel fee
110 Tallinn natives

DOWN

1 Brouhahas
2 Mama's imperative
3 Repeat
4 Kind of dice
5 Purport
6 Stare open-mouthed
7 Map abbr.
8 Munched
9 Run
10 Instruments for Ax and Watts
11 Deprive, in a way
12 Compass pt.
13 Adorned
14 Holly of Dixie
15 Writer O'Flaherty
16 Comfort, in Calabria
17 Neither Rep. nor Dem.
19 Church official
21 Fire
23 Ump's cry
24 Hon
29 Bowery figures
30 Aleutian isle
32 "Katie Went to ——": C. Porter
33 "Stormy Weather" composer
34 Casaba
35 Army off.
36 Queenly
37 Yearned
38 N.Y. city
39 Coeur d'——, Idaho
40 Malodorous
42 Sam of links fame
43 World supporter
44 Flynn of flicks
46 Kind of illusion
47 —— la Cité
48 Ham it up
49 Puts thumbs down
50 Immense
57 Sacred: Comb. form
58 Oriental hostelry
59 Prevents publication of
60 Hot drink
61 Unit of inductance
62 Cut corners
63 Capability
64 Woolen cloth
65 Legal paper
66 Turkic language
67 Inclining
68 Alice's cat
69 Tidal flood
72 Namesakes of Clytemnestra's mother
75 "This was the —— Roman . . .": Shak.
76 Help to adjust
77 Long-running Broadway musical
78 Round Table knight
84 Deaden
85 Star of "Shampoo"
86 Cronkite successor
87 What "Mac" means
88 Guernseys
90 "Aida" segment
91 Leatherwing
92 Cuff
93 Singer Logan
94 Discordant
96 Surrender formally
97 Piques
98 Copper
99 Castigate
100 Vous ——
101 Marsh elder
102 Partner of board
103 Roman or Christian
104 Macerate

ANSWER TO PREVIOUS PUZZLE



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The President and the Children

Children are a nation's greatest future resource; that's why America is heading for trouble. In the next 12 weeks, President Reagan will either seize — or forfeit — his last chance to do something about it.

At this moment, his Office of Management and Budget is constructing the 1989 Federal budget, for his last full year in office. The usual strains of budget-making are intensified by merciless pressure to cut the deficit, notably the present struggle to bring the 1988 budget within Gramm-Rudman's mandatory targets. Temptation is strong to cut back everywhere, on the theory that All Must Share the Burden. Yes. But not the children.

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Many American children, and the number is rising, need help, especially in early childhood. More than 20 percent of children are now growing up poor; in 1970 it was 15 percent. The nation has developed programs that work to prevent or ameliorate poverty's worst effects. A new consensus is coalescing around early childhood health and education; people are coming to recognize that insuring a fair chance for every child saves futures and also millions, in increased productivity, decreased crime and dependence.

The judgment Mr. Reagan passes on five programs especially will do much to establish how he is remembered when today's toddlers become adults.

WIC (Women-Infants-Children). By providing supplemental food to those at nutritional risk, this program helps reduce infant mortality and increases birthweight. It has the greatest effect on pregnant women: every dollar spent on the prenatal component saves three in short-term hospital costs. Now funded at about $1.7 billion, it serves less than half those eligible.

Prenatal Care. Several programs, including a block grant for maternal and child health and Medicaid, provide prenatal services to low-income women. Investing one dollar in prenatal services saves $3.38 in the cost of care for low-birthweight infants. Every dollar spent on comprehensive prenatal care for Medicaid recipients saves $2 in care during a baby's first year. Still, in 1985, nearly 25 percent of mothers did not begin prenatal care in the critical first trimester. Congress has approved an increase of $27 million in the maternal and child health block grant. That could provide complete prenatal care services to 40,000 more women.

Childhood Immunization. Each dollar spent to immunize young children saves $10 in later medical costs. Yet in 1985, one of four children between ages 1 and 4 was not immunized for rubella, mumps, polio or measles and 13 percent lacked immunization for diptheria, tetanus and pertussis. Congress would increase funding by about $20 million, enough to immunize 600,000 more youngsters.

Preschool Education. Enriched preschool programs increase later school success. Head Start, the celebrated Federal contribution to this effort, is now funded at about $1.1 billion, enough to serve barely one of every five eligible children. Congress contemplates an increase that could cover 28,000 more children.

Remedial Education. Since 1965, the Federal Government has provided remedial services to educationally disadvantaged children. A year of such service costs about $600. Compare that with the $4,000 it costs taxpayers when a child must repeat a grade. Congress would add about $350 million for remedial education, targeting most of it to the poorest students. That could allow school districts to serve another half-million children.

Big funding increases for child welfare programs may be unrealistic at a time of huge deficits. But the modest Congressional increases approved so far are well within Gramm-Rudman's budgetary limits. They make progress toward 100 percent coverage of those eligible. If the President cares about poor children, he'll do well to continue these modest but steady gains. These are investments that America cannot afford *not* to make.

Meddling Won't Help Air Travel

What began in the House of Representatives as a sensible response to outrage over air travel delays has turned into meddling. Air travelers as well as airlines ought to hope for greater wisdom from the Senate.

The bill started as a commendable effort to make airlines disclose on-time records, numbers of complaints about lost baggage and other data that would guide consumer choice. But members of the House, sensing rising popular discontent over air service, began heaping on other, less meritorious provisions.

Some of these were eliminated before the House finally passed the bill, but others made it through. These include, for example, setting capacity levels at the biggest airports, thus limiting departures and arrivals, and forcing airlines to give free tickets to passengers when their baggage is not delivered within certain time limits. Those are costly and clumsy intrusions. Airport capacity varies with the time of day and could be better managed by manipulating fees for landing rights.

More to the point, airports can be expanded to meet increased traffic, and Congress is partly responsible for the failure to expand. Rather than set limits on airport use, the lawmakers could raise the user fees that feed the Aviation Trust Fund so that the aviation infrastructure can be expanded to pay for itself. Congress might also move the trust fund off the budget and exempt it from cuts under the Gramm-Rudman-Hollings law.

The House bill may actually be a response to a problem that is already abating. The Federal Aviation Administration last week reported that delays in the July-September period were down 24 percent compared with the same period of 1986. All the more reason for Congress to resist the impulse to meddle.

Taming an Oversize Building

From its first appearance in architects' renderings, the proposed new tower on the Columbus Circle site of the Coliseum struck New Yorkers as too much of a not-very-good thing.

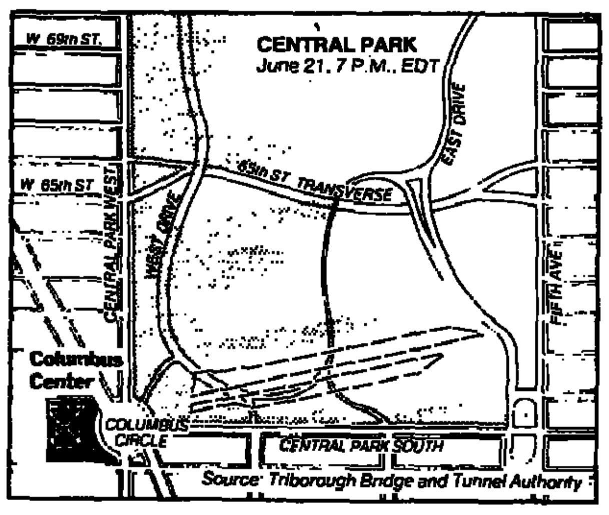
The plans promised extensive office space and vast trading floors for Salomon Brothers, insuring that the investment banking firm's thousands of jobs and tax dollars stay in the city. The Metropolitan Transportation Authority, the property owner, would get $455 million for the land.

Though the building, called Columbus Center, conformed to zoning regulations, it threatened to tower massively over everything around it. Why? Because the M.T.A. wanted top dollar, a decision heartily endorsed by the city. Anything built on a $455 million site has to be massive. But the M.T.A.'s desire for income weighted one public interest too heavily over another. It amounted to selling a slice of sky to pay for subways.

Last winter, the Board of Estimate looked for a compromise that would significantly reduce the structure without greatly reducing its return. The negotiations were fruitless. Neither the developer, Boston Properties, nor Salomon Brothers nor the city would yield. Troubled citizens formed committees and participated in public hearings and discussions by city agencies and community boards. But constructive change was by then impossible and the project was approved over the opposition.

Subsequently, the Municipal Art Society, joined by some citizens who became alarmed after the well-publicized municipal decisions, went to court to set aside the Board of Estimate approval, thus delaying the project. Meanwhile, uncertainties in the stock and bond markets may influence Salomon Brothers' outlook and, for the moment, lower the expectations of all parties. It may now be possible to achieve compromise on a smaller building. That's a sensible, indeed desirable, outcome.

A revised building would still be large; the site is one of the biggest available in central Manhattan. But if the city and the M.T.A. can be persuaded to adjust past expectations to present realities, a building smaller than 68 stories could be agreed on.



Source: Triborough Bridge and Tunnel Authority

The main obstacle to compromise is the possibility that some of those who fought the larger building will try to block any building. Their tone is worrisome. They object to The Shadow that the large building would cast; it is the focus of a demonstration they plan today. But there's more than a touch of hype in that.

All the buildings on Central Park West cast similar afternoon shadows on the park. As the accompanying diagram shows, even if the massive structure were built as already approved, it would add to them only marginally. The long, late shadows move fast and do not cover the same spot for more than an hour and a half.

Some extreme opponents, failing to recognize the public's interest in developing land of unusual value, talk as if the motive of all parties, including the M.T.A. and the city, is simply greed. But New York needs the present and potential jobs. It needs the land sale proceeds for the M.T.A. and the tax revenues for the city. It can afford a scaled-down building but it can't afford to leave so large and valuable a piece of land underused.

Fortunately, the majority of the protesters recognize that Manhattan cannot now be turned back into an 18th-century city. A sound compromise on the size of Columbus Center can be struck. Whether it will be depends now on the civic spirit and wisdom of that majority.

Letters

Why People in Space Can Outperform Robots

To the Editor:

Alex Roland argues strongly against a manned space program ("NASA's Manned-Space Nonsense," Op-Ed, Oct. 4). Most of his arguments, however, do not hold water.

Mr. Roland says the National Aeronautics and Space Administration is neglecting unmanned technology. Wrong. More than half the current budget goes to these activities. NASA's new civil space technology initiative, for example, begins this year to replenish the technology "bank" on which we have been drawing for two decades and is heavily laden with automation, robotics and artificial intelligence programs.

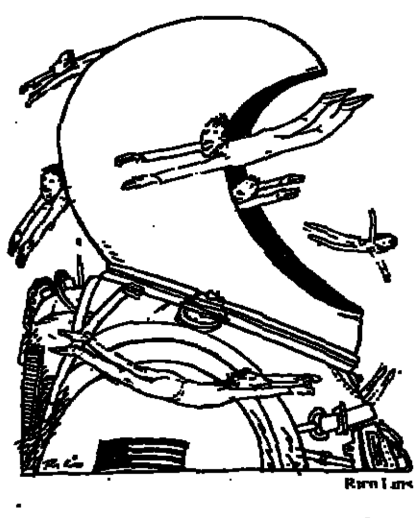
Mr. Roland says that unmanned spacecraft can do *any* missions better and cheaper. Wrong. Talk to the scientists who learned for the first time with Spacelab just how critically important an on-the-spot human brain and pair of hands can be; it's still by far the best general-purpose computer-manipulator combination. And although the first wave of space exploration was conducted (properly) by robot spacecraft, the goals of the next wave are simply too complicated for fully automated systems. All four of the next-generation "great space observatories" — the Hubble space telescope, the gamma-ray observatory, the advanced X-ray astrophysical facility and the space infrared telescope facility — require people to maintain, repair and reprogram them.

Mr. Roland says that the post-Challenger decision to bump all commercial payloads from the Shuttle will hand over all the launch business to the French, Russians, Japanese and Chinese. Wrong. Talk to Martin Marietta, General Dynamics and McDonnell Douglas. Even though they won't be geared back up to resume commercial launches until well into 1988, they have already garnered more than 20 commercial payload reservations, with more in the pipeline.

Mr. Roland says the Soviet Mir space station "has proved itself to be just about as useless as ours would be." The Russians must be laughing at that one, all the way to the currency exchange. Their microgravity research has brought significant benefits in both medicine and computers, and their extensive use of *manual* telescopes on the station has vaulted them to world leadership in astronomy. Why, too, have the Europeans, Japanese and even the Chinese committed themselves to strong manned space programs? Does Mr. Roland know something they don't?

He says we don't have a safe, reliable, economic launch vehicle. Wrong. We've had at least four families of them for years, and both NASA and the Air Force have taken the first steps toward developing next-generation low-cost, reliable launches (the advanced launch system and a Shuttle-derived cargo vehicle). The wrong decision to place all our launch reliance on the Shuttle, incidentally, was not made by NASA, but was forced on it by Congress and the Office of Management and Budget, who insisted, in contrast to the case of NASA's wind tunnels, that a national facility like the Shuttle was to pay for itself in commercial revenues.

A final point: I agree with Mr. Roland that if we set our sights only on what we already know, there's no need for exploration. But history has shown us that the greatest gains for humanity have come from exploring the unknown, both by going to new



Rirn Lars

places and by learning more about the physics, chemistry and biology of the world and the universe. Remember Michael Faraday's response to the British Exchequer official who asked of what earthly use was this "electromagnetic field" he'd discovered: "I don't know yet, but in 20 years you'll be taxing it!"

Mr. Roland's article appeared on the 30th anniversary of the Soviet Sputnik launch that stunned the world and opened the space age. If Mr. Roland has his way, we will head inexorably for another — and now far more serious — Sputnik.

The entire United States civil space program, manned and unmanned, consumes less than one percent of the Federal budget — a few tenths of one percent of the gross national product. Is that too much to invest to stay competitive with the rest of the world in the next major source of industrial wealth?

JERRY GREY
Director, Science & Technology Policy
American Institute of Aeronautics and Astronautics
Washington, Oct. 7, 1987

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Policy's the Problem

To the Editor:

Why must every critique of NASA's bungling management also be an attack on manned space flight? Alex Roland's article is yet another of such pieces, characterized by lack of vision and misunderstanding of the human spirit.

Human exploration and settlement of great frontiers has always been a driving force of civilization, and space will be no exception. While the Challenger tragedy, and our predicament, should force a re-evaluation of priorities, a truly healthy space program must have manned *and* unmanned aspects.

The problem is NASA policy making. There is, however, an alternative. When President Reagan created the National Commission on Space, he charged it with developing a purposeful, coherent and economical strategy for the next 20 years. This is what it did, yet the commission's highly acclaimed report has been ignored.

Our space program desperately needs a coherent policy, and our nation desperately needs a vital space program. Without one, the United States will join a long list of great nations that fell into decline because they refused the challenge of a new frontier.

STEPHEN R. KOSTES
Peekskill, N.Y., Oct. 7, 1987

Hostile Tender Offers Are Bad for Banks

To the Editor:

I was shocked that the Bank of New York was making a hostile tender offer for the Irving Trust Company (front page, Sept. 26). Having been the recipient of a hostile tender offer from a banking company a year ago, I know what is involved and how thoroughly disruptive it is to customers, staff and management. We defeated the offer because we want to be independent.

I believe hostile tenders for deposit institutions are not in the public interest, certainly not in the interest of customers. After all, the public interest and the welfare of American business is bound to a healthy banking industry. Hostile offers can lead to monopoly banking, as well as an avalanche of ill-considered banking combinations that make no economic sense. The trend could be dangerous for the banking industry, and no one will be able to anticipate what the domino effects of this type of activity can lead to.

There will be hundreds, maybe thousands, of mergers in banking in the years ahead, brought about without hostility, where the managements of two banks decide that it is in the best interests of their customers, shareholders and the public to create such mergers. Hostile offers are bad news.

I hope the Federal Reserve Board and New York State's Banking Department, as well as the House and Senate Banking Committees, take a hard look.

A. ANDREW BOEMI
Chairman & Chief Executive Officer
Madison Financial Corporation
Chicago, Oct. 2, 1987

Powerful Causes and Flawed Characters

To the Editor:

In "'Spreading Vicious Truths'" (editorial, Oct. 2), you say, "The '88 candidates do not represent powerful causes," suggesting that character in a candidate is not only insufficient, but also unnecessary. Would that you had cited one example of a powerful cause that could make irrelevant the flawed character of a candidate who espoused it.

Are not the freeing of our countrymen held hostage or the support of the Nicaraguan contras examples of just such powerful causes espoused by individuals whose character traits included the devious and defiant misleading of Congress, together with the arrogant subversion of the spirit, if not the letter, of the law? To extrapolate your logic, we would have to prefer an Oliver North or a John Poindexter to a Michael Dukakis as Presidential timber.

On the contrary, Bruce Buchanan's Op-Ed article the same day ("Open All Candidates Before Election") provides more workable guidelines to help the electorate avoid another Presidential failure. I suggest that these guidelines point to a "Look at how I got where I am" and not a "Look at where I claim to be going" test. The first is truly crucial and bespeaks character, while the second could be sham — or mere demagoguery.

ROBERT A. DI CURCIO
Nantucket, Mass., Oct. 3, 1987

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What Insiders Knew

To the Editor:

Apparently, all along most journalists shared James Reston's appraisal of Senator Joseph R. Biden Jr. as "a breezy, gabby, careless man, full of good looks and good intentions, unsupported by clear thinking or plain speaking" ("An Age of Pretense," Op-Ed, Sept. 30). Most ordinary voters were not in on the secret. So, why should it be seen as heinous, or even unfair, when the campaign staff of one of the candidates — Gov. Michael Dukakis — supplies a videotape that reveals to all what the insiders already know?

It is wrong that a campaign manager should mislead his principal, as happened in the Dukakis case. But are we really so prissy and sanctimonious as to downgrade one candidate for high office because his people point out unappealing truths about another? We're supposed to be selecting the next President of the United States, who we expect to tell the truth most of the time, not a candidate or maitre d'hôtel who has only emollient things to say.

DICK NETZER
Brooklyn, Oct. 1, 1987

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Slinking Around

To the Editor:

While there is nothing wrong in "spreading vicious truths" (editorial, Oct. 2), the problem with Michael Dukakis is how he spread them and why he spread them.

Because his staff set about establishing "plausible deniability" for their candidate, and went slinking around corners in order to achieve their ends, the accusers turned out to be more contemptible than the accused.

YVONNE S. ARCHER
New York, Oct. 6, 1987

U.S. Aid Would Be Better Spent in Philippines Than on Contras

To the Editor:

Our Government, both on the executive and legislative side, now faced as it is with democratic "crises" in foreign lands of traditional interest to us, might do well to ponder and exercise a little elementary arithmetic, but even better, a little common sense. Is it not strange, for example, that our Government provides only 90 cents per capita in annual military aid to the Philippines, with a population of 56 million, struggling for decades to establish a true democratic system and now facing again the threat of (1) a takeover by a corrupt and inept military and (2) the steady conquest of further national territory by the Communist-oriented New People's Army?

At the same time for Nicaragua, the Administration proposes $90 per capita ($270 million in relation to a population of three million) to bolster the Central Intelligence Agency's "covert" military intervention, apparently designed to force a quickie democratic conversion on this small country, which has not yet in its long history had anything resembling true democratic government.

Surely, it is more important for our Government to reassure President Corazon Aquino's Government, with its weak, vacillating and poorly financed military, than to worry to the point of paranoia about an alleged Soviet bridgehead near the Panama Canal, a danger that our military could wipe off the map in days or hours, if the need should ever arise.

Panama itself, corrupted by large-scale drug dealing and intense international money laundering, is no guaranteed friend of ours. We should indeed beware of labeling any of the Central American countries, with the notable exception of Costa Rica, as true democracies, unless oligarchic control of government and the military satisfies our definition of democracy. Even in our own country, with far less than half the voter-age population voting regularly, and the wealth very unevenly spread, ideal democracy may be an illusion.

Balanced economic development and widespread land reform, both difficult to achieve, are the twin pillars of progress and hope for all the countries to the south of us. We would do well to concentrate on assisting them in these directions, and not inject ourselves militarily in situations where our intervention can be no more decisive than it has been, for example, in El Salvador, or for that matter in Nicaragua.

The real strategic threat today to United States global interests, however, is in the Philippines, a danger that should not be addressed in stingy fashion.

WILLIAM F. BUSSER
Chestertown, N.Y., Sept. 30, 1987

The writer, a former Foreign Service officer in Latin America, has been in Central America and the Philippines with International Executive Service Corps, an organization that assists third-world countries.

The Times welcomes letters from readers. Letters for publication must include the writer's name, address and telephone number. Because of the large volume of mail received, we regret that we are unable to acknowledge or to return unpublished letters.

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Let's Back Away From a Worldwide Economic Abyss

By W. W. Rostow

Just as the mishandling of the reparations and war debt problems between World War I and World War II helped bring on and then deepen the Great Depression, the leaders of the major economic powers today are misjudging the scale of international trade and debt imbalances.

The consequences of the previous mistakes helped bring to power the Japanese military and Hitler. Before equally disastrous political and economic events result from the mishandling of the current crises, the major economic powers had better find a way to restructure international capital transfers.

After World War I, Germany had the responsibility of transferring large sums in reparations to the European victors. Britain and France acquired a similar responsibility as a result of wartime borrowing from the United States. But Western Europe, given its economic policies and structure, could not absorb sufficient German exports to allow Germany to repay the debt. Nor was America capable of absorbing sufficient allied exports to liquidate the war loans.

In the short run, capital movements, rather than trade, did the work. Private lending from the United States to Germany provided the foreign exchange necessary for Germany to pay its reparations bill, which had been reduced by international agreement. The foreign exchange paid out by Germany similarly permitted the Western allies to meet their war-debt repayment schedules.

This curious triangular system began to come unstuck in the second half of 1928 as United States capital was diverted from Germany to the New York stock market. Partly as a consequence, the German downturn began as early as April 1929. The American economy followed in June, Britain's in July, all before the October stock market collapse. The French economy, which was better insulated, experienced a late turning point in March 1930.

The Smoot-Hawley tariff of 1930 compounded the felony by crippling trade and making the further transfer of war-debt repayments virtually impossible. As a result, the world economy spiraled into deep depression and fragmented.

With hindsight, one can reasonably argue now that this outcome could have been avoided if certain measures had been taken in, say, early 1930.

- If reparations and war debts had been reduced, stretched out or canceled by international agreement.
- If the United States, Britain, France and Germany had agreed to conduct strongly expansionary fiscal and monetary policies.
- If the United States, with an exceedingly strong gold and foreign exchange position, had moved toward radically liberalized trade rather than heightened protectionism.

All this would have required intensified international cooperation, and that, of course, didn't happen.

Memories of this debacle helped shape the Lend-Lease programs, reparations policy after World War II, the creation of the Bretton Woods institutions, and, in the face of another great economic crisis, the Marshall Plan and assistance to Japan's postwar recovery.

It is about time that major economic powers began thinking of solutions to the current world debt and trade crises in such broad terms.

Right now, mainly as a result of our policies since 1981, the United States cannot transfer through exports what it purchases in imports. As with Germany before 1928, the American trade gap is covered by large capital imports that rapidly increase American obligations to pay interest and profits to foreign countries in the future.

Like the United States during the period between the wars, Japan complicates the problem by being inhospitable to manufactured and agricultural imports, as well as by its obsessive drive to maximize exports and foreign capital holdings. West Germany, with an unemployment rate of about 9 percent and inflation at about 1.5 percent, refuses to expand its economy — presumably out of fear of inflation.

Important countries of the developing world (notably in Latin America) are acting a bit like the Western allies of the pre-1928 period. In a world economy that is growing slowly and is increasingly resistant to their exports, the developing countries labor to meet transfer obligations arising from prior loans.

Write-downs, rollovers, additional Government and some private lending have helped. But they have not been enough to permit developing countries to fulfill their two essential functions in the world economy. One is to achieve the adequate economic growth that is necessary to bring about social progress and to meet citizens' growing demands for democratic politics despite the strains of rapid population growth. The countries also fail to provide an expanding market for sophisticated exports from Western Europe, Japan and the United States.

There is a special dimension to the present problem. The United States is now a relatively more open and rapidly expanding market than Western Europe and Japan for exports from developing countries. Virtually all the major exporting nations in those regions have geared their currencies to the dollar. Therefore, unlike the Japanese and Europeans, they have not felt the effects of the devaluation of the dollar from its 1985 peak.

But since the United States' trade deficit cannot be sustained indefinitely, developing countries cannot count on earning large dollar surpluses to pull them out of their own trade problems. This fact must be taken into account in designing a civilized exit from the present trade and capital transfer problem.

Here are the essential components of an international policy that would have a reasonable chance of success:

- Concerted measures should be taken to ease substantially the debt burden of the developing regions.
- Steps are necessary to increase the rate of growth in countries with chronic surpluses, notably Japan and West Germany, accompanied by a reduction of trade barriers to imports.
- Through bipartisan cooperation, the United States must balance the Federal budget. This will permit lower interest rates. We must accelerate the application of new technologies and maintain wage restraint in the face of inflationary pressures likely to arise from past and perhaps some future devaluation of the dollar.
- Increased Government and private lending to developing regions, including a larger role for the World Bank and regional development banks, is needed. As the United States reduces its trade deficit and real interest rates are brought down, the resulting capital inflow to the United States should be diverted to developing regions.

The major economic powers have made progress in some of these areas, and so far they have kept under control the raw, sometimes vicious nationalistic impulses that helped push the world into the abyss in 1929 and thereafter. Memory of those years may again help us in the time ahead.

But the actions by Japan, West Germany, the United States and other countries in no way yet matches the scale and urgency of the problem. Unless further steps are taken, the world's leaders will have earned the characterization that Theodore Roosevelt made of the German Chancellor's behavior in 1914: "He meant well feebly." Today, the consequences could be equally costly.

W. W. Rostow is professor of economics and history at the University of Texas at Austin.

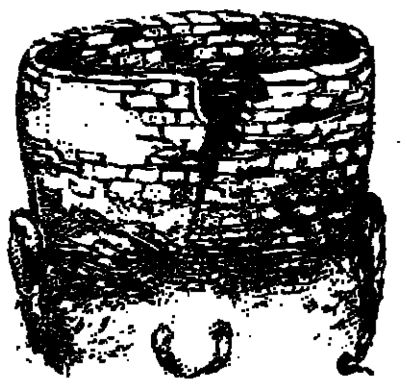
ABROAD AT HOME | Anthony Lewis

Bargaining in Lives

BOSTON

The Soviet Government has acted in recent weeks to resolve some longstanding emigration cases. Two weeks ago, for example, it gave an exit visa to Ida Nudel, a leading campaigner for Soviet Jews. This week officials told Vladimir Slepak, another prominent refusenik, that he and his wife could move to Israel, 17 years after they first applied.

Such actions are evidently designed to improve the atmosphere in Soviet-American relations before Mikhail Gorbachev makes his expected trip to the United States for a summit meeting. But the effect will be limited.



Every time one well-known person is allowed to leave the Soviet Union, we in the West remember others who have not been. Thus Mr. Slepak's good news was coupled with reminders that such admired figures as Aleksandr Y. Lerner and Valery N. Soifer are still forbidden to emigrate many years after they began seeking visas.

Soviet officials have complained to Americans about that reaction. When they take some positive step, they say, instead of being praised they are criticized for not having done something else. That provides little motivation for resolving any cases, they argue.

It is crucial to beware of that Soviet view, I think — crucial because it is so mistaken. It misunderstands fundamental Western attitudes on human rights. And the misunderstanding is as harmful to legitimate Soviet interests as it is to the victims of injustice.

The Soviet view is based on the premise that the resolution of individual human rights cases is a valuable gesture — a favor — to Western opinion. Soviet leaders traditionally save those gestures to be used as bargaining chips. When a summit meeting approaches, the chips are played in order to brighten the mood for substantive negotiation.

But we do not regard such things as letting citizens emigrate or practice their religion or speak their minds as governmental favors. We think of them as rights — rights that have a legal basis in Soviet undertakings at Helsinki.

Moreover, Americans and others in the West do not like the idea of human lives being used as bargaining chips. So when restraints on some Soviet citizen are relaxed at a politically opportune moment, it is inevitable that Western gratification for the individual will be mixed with resentment at the tactic.

The sense that human lives are being played with is deepened by the haphazard, seemingly senseless cruelty of Soviet bureaucracy in these matters. Or is it just bureaucracy?

Benjamin Charny, a mathematician, presents one of several especially heart-rending Soviet emigration cases. He and the others have cancer. They want to leave to get treatment or to be with their families. Mr. Charny wishes to be with his brother, Leon, who is at the Massachusetts Institute of Technology.

Last month Benjamin Charny's daughter, Anna, was allowed to leave with her husband, their 3-month-old child and her husband's parents and grandmother. In effect, the whole family is out — except Benjamin Charny.

Or consider the question of divided Soviet-American couples: spouses and fiancés kept apart by Soviet barriers. About 20 couples are in that category now.

On Oct. 23, Elizabeth Condon, a high school teacher of Russian and French, will mark the eighth anniversary of the day she was supposed to marry Victor Novikov in Moscow. The marriage was stopped. And ever since, Mr. Novikov has been refused permission to emigrate and Miss Condon to visit the Soviet Union.

Last spring Miss Condon was encouraged to apply again for a visitor's visa. She did. Two days before her planned flight to Moscow, she was told that her visa had been denied. More recently, Mr. Novikov was told that he could still not leave because he learned secrets years ago. That reason, officials said, will expire in 1990.

The Soviet Union pays a high price in the West for such inhumanity, and it is not only the price of moral disapproval. The feeling that the U.S.S.R. cannot be trusted — not even to keep to its Helsinki undertakings — feeds opposition to the arms control agreement that both Mr. Gorbachev and President Reagan want.

Mr. Gorbachev understands there is a price. He has resolved some of the high-profile cases, not only allowing prominent refuseniks to leave but releasing important political dissidents from prison. But action case by case cannot really solve the problem. Only removal of the underlying wrongs can.

When a Soviet citizen joins an American fiancé, it should not be news. When a seriously ill man in Moscow leaves to be with his brother in the U.S., it should not be news. It should be the rule: so routine that it is not newsworthy.

Defectors Deserve Better Treatment

By F. Mark Wyatt

WASHINGTON

A vital but largely ignored component of our national security policy — the treatment and resettlement of Soviet and Soviet bloc defectors — is receiving some long-overdue attention this month by Congress.

Hearings of the Permanent Subcommittee on Investigations of the Senate Committee on Governmental Affairs gives timely recognition to one of our country's few advantages in the constant high-stakes struggle between American and Soviet intelligence services.

Most intelligence experts would concede that in this struggle the K.G.B. enjoys built-in advantages over the Central Intelligence Agency. Dominating the Politburo, the Central Committee and the military, the K.G.B. reigns as the supreme source of power in the Soviet Union. As such, it has priority access to funds and its pick of gifted recruits.

The C.I.A., by contrast, is subject to many controls and restraints of our democratic system. The C.I.A. cannot easily uncover high-level intelligence in the tightly controlled police atmosphere of the Soviet Union, yet the K.G.B. can work virtually with impunity in our free society.

But the greatest advantage of the West lies in our ability to attract to our cause highly informed members of the Soviet bloc elite. Privileged Russians who are allowed to travel abroad have the opportunity to defect. They are also the ones with the greatest knowledge of the regime, its factions, its inefficiencies, its vulnerabilities and its corruption.

> They should not have to pack fish.

In the field of human intelligence, defectors constitute the single most important source of information about the Soviet Union and Soviet intentions. They have identified important Soviet illegal agents operating in the United States and have given us significant leads to "moles" in Western intelligence and security organizations. Defectors are the Achilles heel of the Soviet world.

We can be sure that many potential defectors hesitate to take the final step, not because they have qualms about forsaking an unsatisfying way of life but because they fear the unknowns that await them here. These would-be defectors can derive little comfort from recent dramatizations in the Soviet media about double-defector Vitaly Yurchenko, who stated in an emotional press conference that he had been forcibly held, drugged and maltreated before he 'escaped from the C.I.A.

While Mr. Yurchenko's assertions were clearly false, the record of American handling of defectors does reveal critical deficiencies, and the current climate for defection to this country is not what it should be. In the interest of our national security, we must make it clear to would-be defectors that we will provide friendly protection, sound resettlement counsel, sensible citizenship procedures and continuing support.

In dealing with defectors over a number of years, I have found that in almost every case, the early stages were handled by at least one outstanding American case officer — a sensitive, understanding person in whom the defector has a genuine sense of trust. This human factor in intelligence work must never be minimized. Any intelligent defector would have to be an utter fool to risk his life for a faceless organization.

Unfortunately, however, the defector loses the invaluable support of the trusted case officer in the latter stages of defection. After interrogation, debriefing and long-delayed discussions on resettlement, the intelligence organization becomes a many-faced bureaucracy. The defector's status shifts from that of an operational concern to an administrative one. It is at this point that inadequate attention has been paid to the need for a trusting, lasting relationship between the newcomer and the agency.

Bureaucratic personnel who enter at the latter stage too often lack the broad-mindedness, consideration and sensitivity to deal with the trauma of a person who has left behind all he owns in exchange for an uncertain future. One unfortunate result is a tendency to place defectors in positions that do not correspond to their talents or aims. By and large, defectors hope to continue working according to their specialization.

Since they have become disillusioned with the Soviet system, they would also like to make some impact by explaining the faults and weaknesses of the Soviet system to Americans in Government, business or academia. Instead, some recent defectors who rose to the top of their professions in their former countries have ended up here selling ice cream off a truck or packing frozen fish.

Leaving a structured society where everything is done for them, defectors are left to make unfamiliar decisions in an unfamiliar society: making a deposit or arranging a loan at a bank, obtaining medical insurance, finding a place to live. Job security is vital to their psychological well-being, and since being jobless is illegal in many Communist countries, an unemployed defector often feels like a criminal.

Some of the more successful resettlements have been due to the efforts of individual Americans, many of whom are former intelligence and Foreign Service officers who have undertaken this responsibility on a private, personal basis. We must discard the unfortunate notion that the defector's knowledge of Soviet plans and strategies stops with his defection, and that his value ceases when debriefing is over. A number of defectors have disproved this effectively.

The most important part of our foreign relations today is our relations with the Soviet Union. The most useful guide we have to understand our adversary is a former member of the elite of that system.

F. Mark Wyatt is a veteran of 31 years in the clandestine service of the Central Intelligence Agency.

ESSAY | William Safire

Judiciary Hardball

WASHINGTON

When the Senate allows Hollywood-produced television spots to take over in its confirmation of justices, good lawyers make bad mistakes and innocent witnesses can be ground up in the process.

Take the case of John T. Baker, professor of law at Indiana University, the only black law professor who came to Washington determined to speak up in favor of the Bork nomination. On his last sojourn in this city, as dean of law at Howard University, Professor Baker objected to declining academic standards and resigned; his successor threw brickbats at him as he left.

On the day before he was scheduled to testify, Professor Baker received a call from Linda Greene of the Senate Judiciary Committee. Miss Greene, a law professor herself, also black, was a longtime professional friend; Professor Baker had tried to recruit her for the Howard faculty.

At 11 A.M. on the day of his scheduled appearance, Professor Baker asked to be excused from testifying and went home. His reason? He told a friend, Maurice Holland, dean of the University of Oregon Law School, "I just couldn't take the heat."

Putting pressure on a witness is a serious matter; if true, that might trouble some of the senators who were stampeded into a "rolling vote" in the media on a matter better decided on the Senate floor.

I accompanied Martin Tolchin, a New York Times reporter, to the Judiciary Committee office of Linda Greene, who works for Senator Howard Metzenbaum of Ohio, one of the Bork nomination's fierce opponents. Tacked to a wall is a cartoon showing dangling legs labeled "blacks, gays, the press," with Judge Bork grinning evilly: "I'm the 'swing' vote."

At first Miss Greene was angry at being asked unexpectedly about her call to a witness for the other side — "What is this, some kind of shakedown?" — but agreed to an interview in the presence of her chief counsel, who had learned only the day before of her call of three weeks ago.

Here is Miss Greene's recollection of the 20-minute conversation with Professor Baker:

"I said, do you know that people are really playing hardball? I said he should be prepared to deal with tough questions, he was controversial himself at Howard. You left amid a controversy. You're planning to come back in the midst of a big controversy where your testimony will be subject to close scrutiny. If you come here, you will be the issue.

"I told him," Miss Greene continued, "he would be in a visible position, not only as an academic, but as a black. Are you sure you're prepared to deal with those questions? Are you prepared to deal with what this does to your professional reputation?

"He said, if I don't want to do it, what shall I do? I said you have to talk to Diana Huffman, who is staff director. He said, what's her number, and I gave him the number.

"I said, 'John, I am calling you out of love for you.' He said, 'Linda, I know that.' That was the end of our conversation. You ask him."

We did. Professor Baker, after consulting with Professor Greene, confirmed it all. Apparently Senator Metzenbaum's chief aide suspected the story would break, and had elicited a letter from the ill-used Professor Baker saying he had not been unduly influenced in his decision not to testify. In a prepared statement, Mr. Baker added: "I was not intimidated by Linda Greene or anyone else."

Readers can decide for themselves. Even put in its best light, as recounted by the person who made the call, that persuasion from a member of the staff of the committee out to sink the Bork nomination strikes me as wholly improper.

You just cannot do that to witnesses. Was her call a threat, however intended as friendly warning? The result was that it turned the witness around and sent him home to tell his friends of the incredible heat. Mr. Metzenbaum, whose staff has been pressing the victim to insist he was not victimized, says he sees nothing wrong in it at all.

What happened here? Linda Greene is an intelligent, articulate, impassioned partisan with good legal credentials: it is neither racist nor sexist to predict she will not only survive this error but has a Federal judgeship in her Democratic future.

But like many others on Capitol Hill, she was caught up in the gotta-stop-Bork fever. Just as the ad people jumped in with lies, and senators stooped to the rolling vote, a staffer who taught law was swept over the ethical line.

Before casting a vote, senators might ask: What would a thorough ethics committee investigation of the tactics used against this judicial nominee reveal?

Reinventing the American Auto

By JOHN HOLUSHA

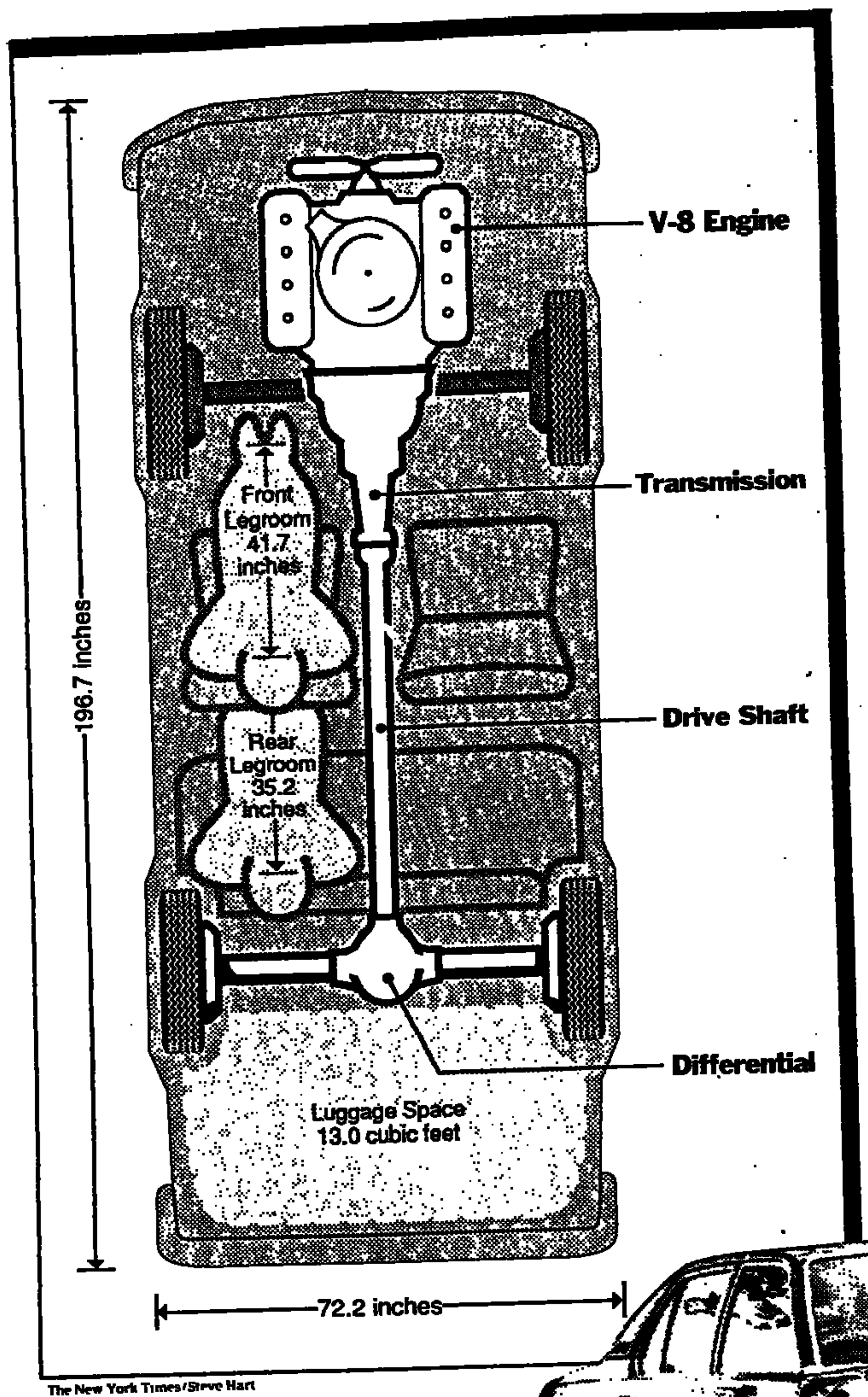
THE American car has been the stuff of legend — in lyrics, literature, even love — since the early part of this century. But in the last 10 years, it has been transformed more drastically than at any other time in the previous 50 years. Faced with two energy crises in the 1970's and fierce competition from Japan, Detroit is now making cars that are smaller and lighter than their 1978 counterparts but that are just as big inside and get much better gasoline mileage.

Reaching that delicate balance, however, was no easy matter. Seeking improved fuel economy, designers had to make cars lighter. Most older models had a separate heavy metal frame with the body bolted to it, but in the new models, the body panels themselves are the basic structure. Another way to make cars lighter was to make them smaller. But designers had to contend with the fact that people were not getting any smaller. Their solution: Switch from the traditional American practice of rear-wheel drive to front-wheel drive. That eliminated the big hump inside the car that ate space but contained the components that connected the engine to the rear wheels. That change, however, required completely new engines, transmissions and other major components — and a retooling of Detroit's factories.

Comparing the 1978 Chevrolet Nova and the 1988 Chevrolet Corsica (Chevrolet today sells a car called Nova, but it is a Japanese-designed subcompact and not mechanically related to the 1978 model) shows just how much the American automobile has changed. Both are four-door sedans aimed at the young family market. But the transformation doesn't stop there. The next stage, designers say, is the electronic auto.

Like the engines of its predecessors, Nova's engine faced forward in the engine compartment, with a transmission behind. A drive shaft carried the engine's power from the transmission to the rear of the car where a set of gears — the differential split — transmitted it to the rear wheels. The transmission and drive shaft forced designers to put a hump inside the car. Then they had to make the car bigger to provide sufficient interior space.

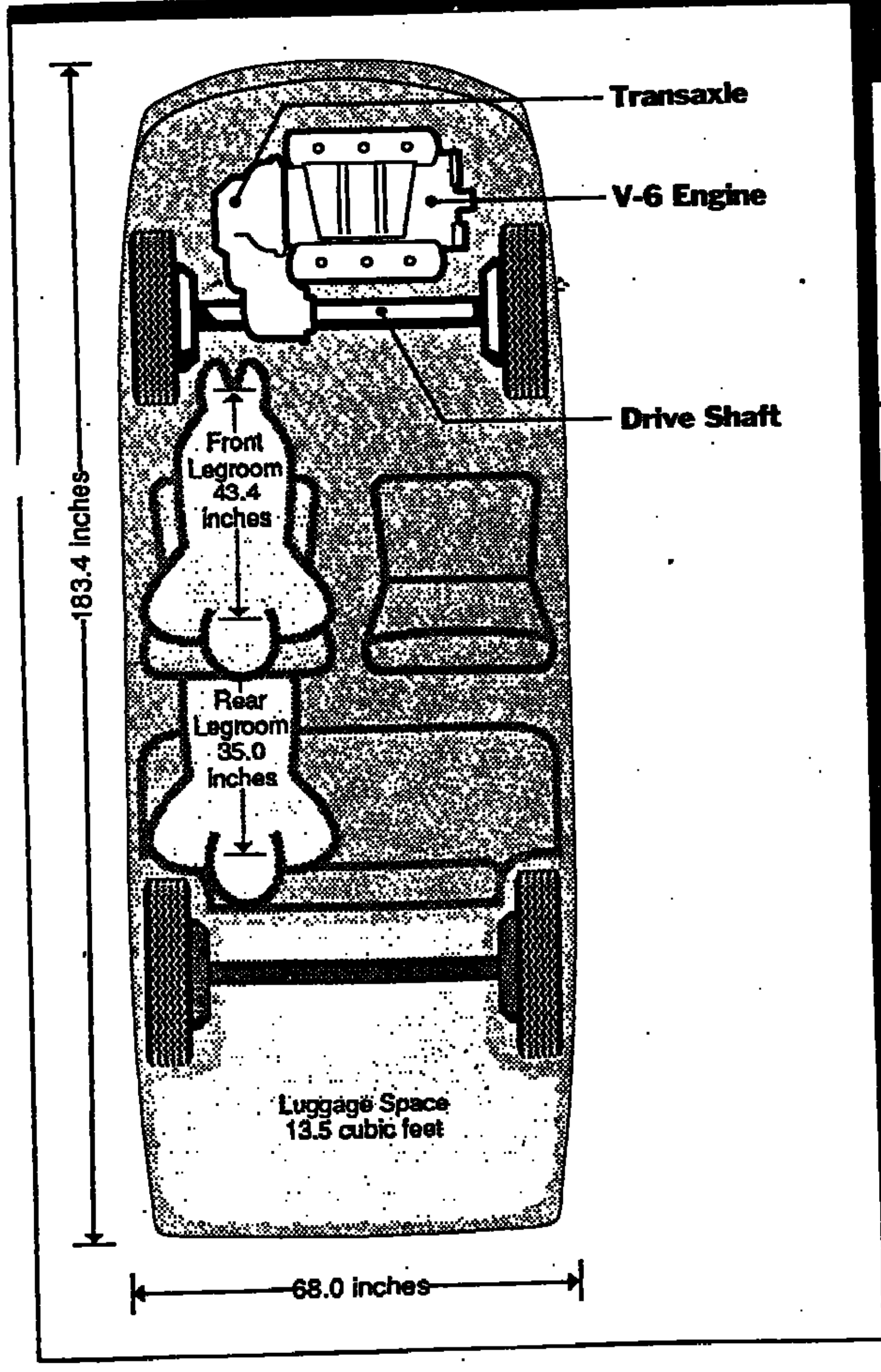
1978 Chevrolet Nova



The New York Times/Steve Hart

	1978 Chevrolet Nova 4-door V-8 Engine Automatic transmission	1988 Chevrolet Corsica 4-door V-6 Engine Automatic transmission
Weight	3,272 pounds	2,627 pounds
Horsepower	160	130
Engine capacity	350 cubic inches	173 cubic inches
Gas mileage	17 miles per gallon	22 miles per gallon
Front headroom Rear headroom	39.1 inches 37.1 inches	38.9 inches 37.4 inches
Price	$4,023	$10,615

1988 Chevrolet Corsica



The Corsica's engine was mounted sideways, with a combined transmission and differential called a transaxle attached to transfer power to the wheels. Although the engine is considerably smaller than the Nova's, it produces almost as much power, thanks to advances in fuel injection and computer control of ignition. Depending on its equipment, the front-wheel-drive Corsica weighs about 2,600 pounds, almost 700 pounds less than the 1978 Nova. Instead of a heavy metal frame with a body bolted on, the Corsica is stamped out of rolls of sheet steel, and that makes its body lighter. Reducing the weight and making the engines more sophisticated have produced better fuel economy in the Corsica. It does not have a differential, and as a result, the trunk can be deeper than in earlier models. The additional space in the passenger compartment and the trunk are the main value of front-wheel drive, according to engineers, although the set-up also provides added traction in snow and rain.

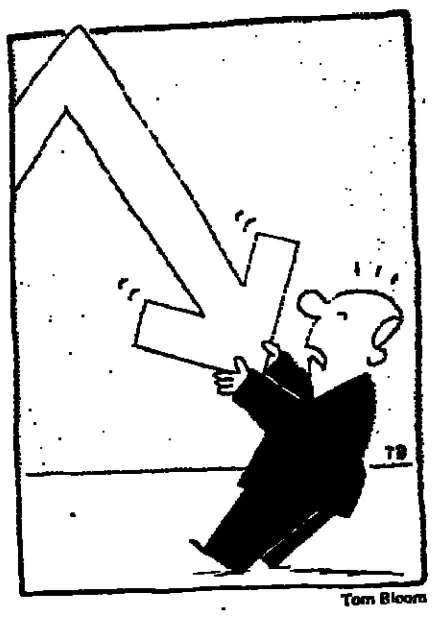
What's Ahead

The Chevrolets of 1998 will probably not be as different from the 1988's as the 88's are from the 78's, most auto experts predict. Most likely, they will be front-wheel drive, and the major differences will probably be in electronics and materials. Non-rusting plastic bodies are likely to be more widely used than they are today, and lighter materials elsewhere will improve fuel economy. Electronically controlled anti-skid brakes may well be standard in the 1998 models. And warnings of danger — even from long distance — will probably come from radar and infrared imaging systems, which could be displayed on cathode-ray tubes that will displace the dashboard's conventional instruments. New generations of on-board computers will monitor the automobile's operating systems and should be able to warn of an impending breakdown.

The Economy

WEEK IN BUSINESS

Trade Data Set Off A Market Plunge



Tom Bloom

A brutal week for stocks gave the bull market its first serious correction since 1984 and even provoked some traders to start writing obituaries for the bull. The Dow Jones industrial average plummeted 235.48 during the week, to close at 2,246.73. The daily action was even more spectular with what was thought to be a record plunge of 95.46 on Wednesday, followed by a 57.61-point dive on Thursday and then the real topper, a plummet of 108.36 on Friday. As postwar corrections go, in percentage terms, this one would not even make the top 10, but that is probably little comfort to anyone who was buying stocks when the Dow set its record high of 2,722.42 a scant seven weeks ago on Aug. 25. The battered bond market took more blows, with yields on long Treasury bonds moving decisively above the psychologically important 10 percent level.

Chemical Bank raised its prime lending rate a half-point, to 9.75 percent, the highest level since the summer of 1985.

August's trade deficit set off the market plunge. The figure was an improvement from the July data but not enough of one. The $800 million decline, to $15.7 billion, disappointed expectations that the gap would shrink to $14.5 billion or less. Some politicians and interest groups reacted by calling for speedy passage of a tough trade bill. And some experts and Government officials said everyone was overreacting. They insist that, by volume, American exports are making a strong comeback, but with import prices remaining high, the dollar trade numbers don't reflect that. The August data certainly didn't — total exports fell 3.7 percent. Among imports, one of the most disturbing sectors was oil, which now accounts for 30 percent of the total trade deficit.

The U.S. might allow the dollar to fall further, Treasury Secretary Baker warned West Germany, as he expressed annoyance at Bonn's latest nudging upward of interest rates. He said the increase, the fourth since June, violated the spirit of recent accords among the economic allies. He wants Bonn to loosen the monetary reins in hopes that Germans will buy more American goods. A lower dollar would make German exports more expensive and be a further drag on their already sluggish economy.

Salomon is pulling out of the municipal bond business and dismissing 12 percent of its overall work force, or about 800 employees. Salomon has been only marginally profitable lately, but healthier securities firms are also known to be considering similar, if less drastic, cutbacks. Indeed, Kidder Peabody said it would trim its municipal bond staff by 35 percent, or 100 jobs. Wall Street's municipal business has faced intense price competition from banks and has also been battered by the volatility of interest rates in recent months.

Chemical New York will cut 170 jobs in London, where American financial institutions have found much less profit than expected under deregulation. About 100 of the Salomon layoffs will also be in London.

Auto sales fell sharply in early October, declining 33.5% from the figure for the 1986 period when hefty sales incentives had been offered. Weak auto sales in September were also given much of the blame for that month's four-tenths of 1 percent drop in overall retail sales.

The highest-paid Federal official was ousted as head of the agency that oversees the disposition of assets taken over from failed savings and loan associations. Roslyn B. Payne had come under increasing criticism because the two-year-old Federal Asset Disposition Association had sold only about 3 percent of the $3 billion in assets placed under its control. She will continue to work as a specialist at the agency. Her salary and bonus last year totaled $325,000.

I.B.M. profits rose 12 percent in the third quarter, after five periods of declines. But Wall Street analysts said they had been expecting more. Apple Computer's net income more than doubled in the period, and Digital Equipment, which is posing an increasingly serious challenge to I.B.M., gained 47.8 percent.

Public Service of New Hampshire missed a $37 million debt payment and appeared headed toward becoming the first investor-owned utility since the Depression to seek bankruptcy protection. Public Service's troubles stem from its large stake in the troubled Seabrook nuclear plant.

Miscellanea. Colgate-Palmolive will sell two divisions, close six factories and eliminate 600 managerial positions ... Ford Motor will buy U.S. Leasing International for $500 million. The company leases a variety of business and transportation equipment, including auto fleets .. The compensation of beginning accountants at Price Waterhouse has been raised 20 percent, to $30,000 a year.

The New York Stock Exchange

MOST ACTIVE STOCKS
WEEK ENDED OCTOBER 16, 1987
(Consolidated)

Company	Sales	Last	Net Chng
Glaxo	18,027,100	21⅝	− 6⅝
IBM	16,589,900	135	−12⅝
AT&T	15,279,000	30	− 2½
Gen El	13,807,000	50¾	− 7½
NYSEG	12,259,300	25⅞	− 1⅛
Exxon	11,442,100	43¾	− 4¾
Chrys	10,464,800	33	− 3⅛
Ford M	10,439,000	84¼	−10½
Tennco	10,036,000	55	− 4¾
E Kodk	9,990,700	90⅛	− 9
US West	9,659,500	53¾	− 3
Gillete	9,491,400	32¾	−10¼
A Exp	9,242,800	30½	− 4½
G Mot	8,999,800	66	− 8½
S Fe So P	8,930,100	51	−13⅝

MARKET DIARY	Last Week	Prev. Week
Advances	143	400
Declines	1,944	1,608
Total Issues	2,186	2,166
New Highs	31	124
New Lows	479	206

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	1,123,914,480	36,574,054,358
Same Per. 1986	597,146,840	28,072,061,084

WEEK'S MARKET AVERAGES

	High	Low	Last	Net Change
New York Stock Exchange				
Indust	214.3	191.8	191.8	−21.46
Transp	162.2	144.8	145.5	−17.69
Utils	78.4	73.4	73.4	− 3.00
Finance	153.6	143.0	143.0	− 9.21
Composite	176.0	159.1	159.1	−15.51
Standard & Poor's				
400 Indust	364.5	324.2	325.4	−35.93
20 Transp	254.5	228.9	231.6	−31.44
40 Utils	119.8	111.0	111.5	− 4.66
40 Financial	30.0	27.7	27.9	− 1.56
500 Stocks	314.5	281.5	282.7	−28.37
Dow Jones				
30 Indust	2529.3	2207.7	2246.7	−235.48
20 Transp	1041.2	924.7	941.6	−95.23
15 Utils	200.6	187.6	190.1	− 5.92
65 Comb	932.3	825.5	839.7	−78.88

The American Stock Exchange

MOST ACTIVE STOCKS
WEEK ENDED OCTOBER 16, 1987
(Consolidated)

Company	Sales	Last	Net Chng
WangB	2,172,000	17	−1⅛
HmeSh	1,998,100	9	−2⅝
NY Time	1,838,700	35⅞	−5
Amdahl	1,822,000	43½	−2⅞
TexAir	1,811,800	21⅞	−1
Media	1,492,100	44¼	+3¼
FruitL	1,301,700	6⅝	− ¼
EchBay	1,201,600	26	− ¾
Alza	1,112,100	29⅝	−6⅛
ENSCO	1,103,300	4½	− ¾

MARKET DIARY	Last Week	Prev. Week
Advances	85	223
Declined	850	664
Unchanged	101	136
Total Issues	1,036	1,023
New Highs	13	45
New Lows	201	100

VOLUME (4 P.M. New York Close)	Last Week	Year To Date
Total Sales	60,529,260	2,723,377,515
Same Per. 1986	37,782,950	2,411,366,874

هكذا مع الأهل

WORLD SERIES: Twins 10, Cards 1

Gladden grand slam explodes Cards

by GARY HILL

MINNEAPOLIS, Reuter.- Dan Gladden's grand slam topped off an explosive seven-run fourth inning for the Minnesota Twins as they went on to beat the St. Louis Cardinals 10-1 in the opening game of the 84th World Series.

Gladden drove in five runs, half of the Twins' total, to give them a 1-0 lead in the best-of-seven championship of major league baseball.

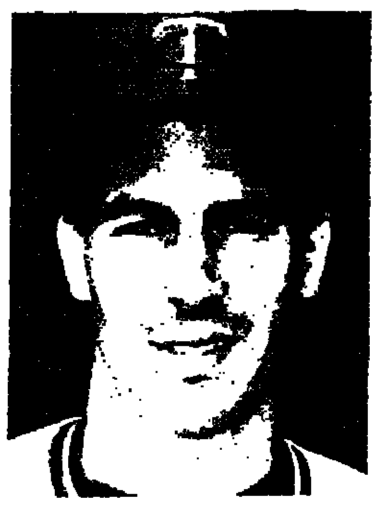
St Louis' left-handed starter Joe Magrane had held the Twins hitless through the first three innings and was protecting a 1-0 lead when Minnesota, the major leagues' best home-standing team this year, broke through.

American League championship series' most valuable player Gary Gaetti got them started with none out in the fourth, hitting the first of four successive Minnesota singles.

The fourth hit, a two-run grounder up the middle by first baseman Kent Hrbek, put the Twins, the best team in baseball against left-handers this year, on top, 2-1.

After second baseman Steve Lombardozzi walked to load the bases again, St. Louis manager Whitey Herzog brought in veteran right-hander Bob Forsch, who promptly gave up a single to light-hitting catcher Tim Laudner, making it 3-1.

Then came Gladden, in the line-up more for his speed than his power, with just eight homers in the regular season. With the count one ball and two strikes, the left-fielder sent the ball 386 feet into the left-centre stands to raise the Twins' margin to 7-1.



Steve Lombardozzi

In the next inning, Lombardozzi, who, like Gladden, had hit a mere eight homers in the regular season, lifted the score to 9-1 by hitting a 400-foot homer with Hrbek aboard. Hrbek had walked.

Gladden rounded out the scoring in the seventh inning by doubling home Lombardozzi, who scored three runs.

For the win, Minnesota starter Frank Viola -- the winningest left-hander in baseball over the past four seasons -- gave up just five hits and one run over eight innings to the National League champions Cardinals, the team with the majors' best away record.

Narcissus Poeticus and Double Narcissus (Etching by Van de Passe, 1614-1617)

Bulbs for every season

Gardener's Corner
Walter Frankl

THE FIRST rains of the season, the *yoreh*, due in early October, cleansed trees, shrubs and climbers of all the dust and the dirt and allowed the flower beds in public and private gardens, in fields and meadows to display a new bright, shining green.

Experienced gardeners know that the *yoreh* dosen't penetrate deeply and soak the roots of perennials. They therefore continue to water their gardens as usual in the early autumn.

They are already seeing the signs of enthusiastic gardening in preparation for the celebration of Israel's 40th anniversary. Nurseries are busy with orders for flowering plants, seeds, bulbs, roses, fertilizers and garden tools.

This year, our Dutch friends will not be merely sending their traditional gift of more than 100,000 tulip bulbs for Jerusalem and other places: they will be coming here in time to plant the bulbs themselves.

NOW IS BULB time. How magical nature is! You plant something that looks like an onion, and in a few months' time flowers emerge.

Most gardeners think of tulips and daffodils when they consider bulbs, and these are indeed among the most colourful; but there are a great many other kinds. Some fall into the category of long-flowering blooms; others are refined, dimininutive types – gems of the rock garden.

Not all of them are necesarily showy, or spring bloomers, or winter-hardy. Some appear naturally in regularly-watered lawns, or in meadows where the winter rains awaken them to new life after their summer sleep.

There are bulbs for every taste -- for every season. Why not try some new kinds this season in your garden?

Bulbs, unlike seeds, are "pre-packed." They are miniaturized plants, complete with embryonic flowers, packed neatly into their own self-contained food parcel, composed of numerous bulb scales, which are specialized leaves.

If you cut a bulb in half from tip to base, you can actually see the individual leaves, the embryonic flower stalk, and the bud tightly compressed in the central cylinder.

Growing the flower needs only moisture and light. That is how daffodils, tulips, hyacinths and other bulbs can be forced to flower out of season, in winter, when they can do so much to brighten the grey days before the advent of spring.

When I speak of bulb flowers, I mean all plants that develop underground storage for food and moisture. Botanically, there may be differences among these underground sources, but the details of cultivation are the same for all of them. Here are their definitions:

Bulb. A usually subterranean modified leaf-bud, consisting of a short, thick stem and close-packed, fleshy scales or leaf bases, which serve as a store-house (tulip).

Corm. A solid, swollen part of a stem, usually subterranean (crocus).

Rhizome. Rootstock, a usually horizontal stem on or under the ground that sends up a succession of leaves or stems (German iris).

Tuber. A short, thick, usually subterranean stem or branch bearing buds or "eyes" and serving as storage (potato).

BEGINNERS should select the easy-to-grow bulbs fist. Every seed shop, every nursery, every florist in the country sells flower bulbs.

For people in and around Jerusalem, I can recommend the largest, best-organized and best-staffed nursery – "The Green House" at Motza, a branch of the Kibbutz Givat Brenner nursery.

They are now selling many kinds of tulips, daffodils, narcissi, Dutch irises, gladioli, calla lilies and madonna lilies. You will also find six different colours of hyacinths, anemonies, ranunculi, freesia, Bethlehem bells, crocuses, sparaxis, ixias, muscari, alliums, and more.

In Haifa I found Mr. Aratens seed shop (established 60 years ago), 27 Derech Ha'atzmaut, the best one for garden bulbs.

For amateur gardeners in Tel Aviv and the vicinity, I would advise them to buy at Ben Shachar's seed shop, 8 Derech Petah Tikva, the oldest in town with not only a wide range of flower bulbs but also all kinds of seeds, even rare ones, fertilizers, garden tools, etc.

There will be more about bulbs in our next column.

Scalpers, celebrants have a great time

By TOM KRATTENMAKER

MINNEAPOLIS (AP.) - Hundreds of hopeful ticket-buyers wound up with lighter wallets or disappointed outside the Metrodome as scalpers charged top dollar prices for tickets to the opening game of Minnesota's first World Series in 22 years.

Many of the prospective buyers tried to book deals with colourful get-ups and clever signs. "The Pope needs a ticket," read the banner carried by one man, who peppered his pitch with a promise of sainthood for any willing seller.

"Dad goofed. Need four tickets," read another. The woman carried it outside the Dome with her young son at her side, both wearing the ubiquitous "Minnesota Twins-World Series" sweatshirt.

Most of the propective buyers were kicking themselves for winding up only with a sign outside the Metrodome when a simple mail order would have netted them tickets - at face value, no less- six weeks ago.

Denny Pierre, 26, of Plymouth, Minnesota, confessed it was his own disbelief that prevented him from sending in a cheque last month. "The whole thing still is a little hard to believe," he said, wearing a sandwich-board sign with a design of the Statue of Liberty.

Those in the market for souvenirs had more success. Besides the usual Twins T-shirts and caps, vendors offered everything from "series sweepers", miniature brooms with a World Series logo, to "Dome plugs", ear-filling foam designed to provide protection from the intense Metrodome din.

Downtown Minneapolis was alive with baseball celebrations, some traditional American pastime in flavour, others with a unique Minnesota 1987 flair.

The biggest was a "homer hanky warm-up" block party on 5th street that attracted an estimated 9,000 fans on Saturday afternoon. Mayor Don Fraser was hoisted above the crowd in a cherry-picker to serve as chief waver of the hanky.

The affair was concluded with thousands of voices singing "Take me out to the ballgame." "This is crazy," bubbled Steve Schussler, a Chicago transplant and proprietor of the Minneapolis bar that sponsored the party.

Mansdorf climbs to top twenties

By JACK LEON

TEL AVIV. - Amos Mansdorf will climb from 30th to around 20th in the ATP world singles rankings, as a result of the 95 computer points he accrued for winning the ITC's Riklis Tennis Classic on Saturday. The total included 24 points for beating the world's No. 6 Jimmy Connors in the semi-finals and another 20 for getting past No. 12 Brad Gilbert in the final. Shlomo Glickstein got as high as 22nd in the standings.

Mansdorf is this week competing in the $155,000 Nabisco Grand Prix in Vienna, where he will be among the eight singles seeds in the 32-strong main draw.

Gilad Bloom and Shahar Perkis both gained their first Grand Prix titles of any kind, when they won the doubles together. The 50 points which Bloom collected lifts him from 115th to about 80th on the ATP computer - making him the first Israeli since January to be among the top 100 players in the world doubles rankings.

Remarkably, Perkis had never won a title when he quit the pro-tennis circuit early this year for health reasons and decided to compete only at home. Then last April he took both the singles and doubles crowns at the ATP Challenger Series tournament in Jerusalem and now he has succeeded in Ramat Hasharon.

After watching the great performance of Shahar and Gilad on Saturday evening, Israel's Davis Cup coach Shlomo Zoref told me that he was hoping more than ever that Perkis will return to the Davis Cup team as a doubles player for next February's first-round World Group away tie against Italy. In the meantime, there were plans for Shahar to compete in doubles in several pro-tournaments abroad, in order to maintain his present top form.

Perkis said that his success in the Riklis ITC Classic has "whet my appetite for more tournaments and I will consider playing doubles in the Davis Cup if I am invited." However, later this month he was beginning his studies in economics at Haifa University and this academic life would be his main preocccupation for the next few years.

The MIPTC's Eduardo Menga and Micky Den Tuinder were full of praise for the organization of the tournament, with the superb facilities at the Tennis Centre certainly making the Riklis Classic a candidate for a higher category of Nabisco Grand Prix competition than the present Regular Series rating. It was unique to have a capacity crowd at the semi-final of a Regular Series event, and it was also unprecedented to attract four players ranked among the top 30 in the world to such an event.

Old Jaffa casts its musical spell

MUSICA DA CAMERA – Chamber Music Festival in Old Jaffa organized by the Municipality of Tel Aviv-Yafo and The Old Yafo Foundation. Musical director: Noam Sheriff (October 10-13).

MUSIC REVIEW

THE SUCCESS of Musica da Camera in old Jaffa can only be described as a miracle. While chamber music concerts in Tel Aviv, during the regular season, are frequented only by the few, the musical connoisseurs who seek the most intimate form of musical communication, the Jaffa festival attracted thousands.

The 36 indoor events held in churches, clubs and small theatres, were all sold out (some 7,000 tickets were sold), with additional hundreds of people trying in vain to gain access to the various events. Thousands attended, free of charge, the open-air performances by orchestras and chamber ensembles taking place at different locations. The whole quarter was beautifully illuminated, the weather proved benevolent and the organization seemed excellent. In short, a truly sensational success, for which Mayor Lahat must be warmly complimented.

Not everything, of course, was perfect; acoustical conditions in many places must be improved, the repertoire must be widened, more artists of stature should participate, and Israeli composers should not be so hurtfully ignored.

This listener spent three of the four nights (concerts started at 5 p.m. and lasted till after midnight) at the festival, attending seven concerts altogether.

James Coitz, at the Emmanuel Church (October 10), played Bach's organ music correctly but unimaginatively. The *early* Baroque, however, with works by Schutz, Fontana, Frescobaldi, Chastello and Carissimi, was infused with drama and powerful emotional expression by four excellent musicians, soprano Jill Feldman from France and three instrumentalists (recorders and harpsichord) from Holland (Hasimta Theatre, October 10).

ONE OF THE most original programmes of the whole festival was undoubtedly presented by the Mandel Quartet from Budapest (St. Peter's Church, October 11). The group performs on the hurdy-gurdy, recorders, cello, percussion and harpsichord. The hurdy-gurdy is a strange medieval instrument which survived the changes of time, reached its golden age in the 18th century and is today experiencing a most surprising revival. The programme of the quartet consisted of music ranging from the 13th to the 18th century, both art and folk music. Mr. Mandel, the musical director of the ensemble, is probably one of the greatest living virtuosos of the hurdy-gurdy and what he gave us was truly breathtaking.

With the strange sounds produced by this group still in our ears we went to listen to some of Mozart's piano quartets performed by the Tel Aviv Piano Quartet (Hamam, October 11). Regrettably, Mozart and listeners alike were treated badly. The excellent Yigal Tuneh, who was supposed to play the first violin, was replaced by Moshe Murvitz, who antagonized and irritated.

This second evening of the festival ended, however, with an exciting presentation of cabaret songs by Schoenberg and Britten by pianist Idith Zvi and soprano Gilah Yaron (Calif, October 11).

The Albert Schweitzer Woodwind Quintet from Germany is motivated by a youthful, exuberant spirit and its readings of Haydn, Zemlinsky and Hindemith were not only flawless but tremendously alive and highly refreshing. (Hasimta Theatre, October 13).

For this listener, the festival ended with a rare peak, a deeply moving performance of the Beethoven sonatas for piano and cello by Pnina Saltzman and Uzi Wiesel. Each of the artists preserved full independence of phrase, articulation and expression yet at the same time created a wonderful coherence and unity. The performance seemed to shed all material substance, moving into pure spirituality (Hamam, October 13).

And to conclude. For four nights, magical Old Jaffa cast its spell over musicians and audiences. People seemed different, transformed, happy. A wonderful experience.

BENJAMIN BAR-AM

TENNIS

SYDNEY (Reuter) - Ivan Lendl gained some revenge for his defeat by Pat Cash in this year's Wimbledon final when he demolished the tired Australian 6-4, 6-2, 6-4 in the final of the Sydney Indoor Grand Prix yesterday.

In Filderstadt, West Germany, Martina Navratilova celebrated her 31st birthday yesterday by beating archrival and best friend Chris Evert in the final of the $175,000 women's tournament. It took Navratilova 73 minutes to overcome Evert 7-5, 6-1 and is the fourth time she has won the tournament.

BRITISH SOCCER: Arsenal recorded their eighth successive victory yesterday ending the *14-match unbeaten home run of north London* rivals Tottenham.

Tottenham's 2-1 defeat was their first in the English soccer championship since Arsenal's triumph in January.

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Open Letter to Secretary Schultz

Hon. George Shultz
Secretary of State of the United States

Dear Mr. Secretary:

More futile than the flat earth theory, squaring the circle, or hoping for a balanced U.S. budget, are U.S. Mideast aims now wasting your time, in false quest of a "comprehensive peace", between two irreconcilable claims to the Holy Land; between God and His Bible-prophesied restored Israel on one hand vs. Palestinianism and a spectrum of peace-posturing politics, on the other.

In Genesis 17:8-21 and scores of Bible passages, God decreed the title to the Holy Land to Israel forever, "all the land of Canaan for an everlasting possession". He gave vast territories to the sons of Ishmael and Esau, but in that Gen. 17 passage, explicitly denied them rule of any of what men blind to His Bible, and blind to present history, still call "Palestine". Which, since the 1948-till-now pan-Arab war tried to destroy Israel, has fulfilled Isaiah 14:31, "Thou whole Palestina, art dissolved". Dissolved is dissolved!

Sixty five years ago the United States, in signing the Congressionally ratified Treaty of Sevres (by the U.S. Constitution, that makes the "Arabist" connivings against Israel of the last sixty-odd years illegal) agreed with the Almighty, to the Jewish claim. All nations, by signing that Treaty, or the League of Nations or UN covenants; including the Arabs, by Emir Faisal's thus gaining them 97% of the Turkish Empire (including lands of Kurds, and of Assyrians Iraqis soon murdered) formally and forever agreed that the 3% then called "Palestine" should be reclaimed by its long exiled Jewish owners.

Despite treacherous British, UN, Arab and "Rogers Plan" Arabist attempts to renege on that pledge (none succeeded, nor ever can), God in Whom America trusts, seems determined to hold nations and history to that pledge!

Is it not futile, sir, to fight Him with a false "peace process"? What but war could result from Israel inviting new Pan-Arabist aggression, by yielding vital parts of her God-given patrimony; trying to satisfy Palestinianist lies and murderous intent to destroy her? Does fighting the Bible-declared will of God, encouraging Arabs in Israel to seek a "Palestinian nation", help peace?

The Hebrew-Phoenician root-meaning of "Philistine", "Phlistim", "Palastin" is "phlst", meaning "squatter"! Without U.S. encouragement of that false and unjust war-gendering Palestinianist ambition, most Arabs here would prefer Israeli peace to PLO, pan-Arab and 'jihad' war! Many of them would prefer equal rights under Israeli rule, that Ezekiel 47:22, the Balfour Declaration (a unanimous international law) and Israeli law guarantee them.

Why not uphold that genuine, just and real peace, and put America on the side of the Prince of peace, the Author of America's Bible foundation and of her and Mideastern only Hope, the unsleeping Guardian and Restorer of Israel?

Cannot America find a more promising path for peace, sir, than futile aims that can only overturn Israel's rights and peace, against the Word of God? Prayerfully for America to be wiser for peace, worthier of its Bible roots.

Grant B. Livingstone

Grant B. Livingstone, for Genesis 12:3 Committee
POB 24116, Jerusalem

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The Sheraton Jerusalem Plaza Hotel distributes complimentary copies of The Jerusalem Post to guests every day.

Behind the plummeting U.S. stock markets

Concern over rising interest rates

NEW YORK (Reuter). – U.S. signals that it might be willing to let the dollar dip further reflect growing administration frustration over rising interest rates and an inflation psychology that threatens economic recovery.

In the past several days, U.S. officials including Treasury Secretary James Baker and Federal Reserve Board chairman Alan Greenspan have been telling almost anyone who would listen that interest rate increases were not justified by either current inflation or expected inflation.

The extent of administration concern over rapidly rising interest rates that have helped send the stock market plummeting in recent days was reflected at a White House news conference by Baker and chief economic adviser Beryl Sprinkel.

Baker made it clear he was unhappy with moves by the West German Bundesbank to raise key interest rates and by rapid rises in U.S. financial markets.

"A rise in rates is not a trend that we favour," Baker told reporters.

Baker's statement indicated the United States would be willing to let the U.S. dollar decline rather than see interest rates rise and risk choking the current economic expansion, financial analysts said.

There has been widespread speculation that the U.S. Federal Reserve would raise its key discount rate from the current six per cent following West German moves to raise rates.

Alan Greenspan (Reuter)

James Baker (AFP)

But Greenspan and other Fed Board members, obviously concerned about jittery financial markets, have said the inflation fears may be exaggerated and the economic fundamentals would not suggest U.S. inflation is about to rage out of control.

Some economists say they are at a loss to explain the profound market upheavals.

"I can't use any economics to describe what was going on in the past couple of days," Mickey Levy, senior economist of Fidelity Bank in Philadelphia said.

The Dow Jones Industrial Average fell 260 points in three days, including a fall of more than 100 points on Friday.

Robert Hormats, an economist with Goldman Sachs and Co. said the market gyrations had "caught people by surprise and I suspect Reagan officials were surprised too." He said lack of progress on the trade deficit increased the belief that the dollar would have to fall further to help bring about an improvement.

However, if the dollar were to fall too much, interest rates would climb and this would lead to more inflation.

Reagan policymakers want to keep the U.S. economic expansion, now in its 59th month, going so that Republicans can enter next year's presidential elections from a position of strength.

Interest rate increases, either here or abroad, can quickly torpedo economic growth as companies and individuals slow investments because of their growing cost.

But if the dollar falls too far, it means that imports will cost more, adding to inflation.

Baker said interest-rate increases in West Germany did not spell the end of the louvre accord in which the seven leading industrial nations agreed to stabilize currency values. But he said the increases were not well received.

The rate increases were inconsistent with "the spirit of our recent consultations," Baker said.

As part of the effort to stabilize currencies, the United States has said it would reduce its budget deficit and called upon the West Germans and Japanese to stimulate their economies in order to help global economic recovery.

The Republican Party obviously would be unhappy going into next year's presidential elections with a recession.

'Peres's M.E. Marshall Plan is only a lot of empty words'

By WALTER RUBY

UNITED NATIONS– A Soviet delegate here has dismissed Foreign Minister Shimon Peres's call for an international "Marshall Plan" to help economically hard pressed Arab nations as "empty words."

In comments to *The Jerusalem Post*" here, Ernest Obminsky, director of the Soviet Foreign Ministry's Department of International Economic Organizations, remarked, "The economic problems of the Middle East cannot be discussed and solved without considering the political situation...which must have priority. As things stand, (Israel) does not pay attention to the political crisis, but speaks instead of Marshall Plans...I think these are only empty words."

Obminsky called on the international community to "reduce interest payments on bank credits to developing countries...to limit the annual debt-service payments of each developing country to a fixed portion of its annual export earnings.

Obminsky said that while the Soviet Union has not yet applied to join the World Bank and International Monetary Fund, "We are ready for formal contacts' with those organizations."

Obminsky added that the Soviet Union had decided to reverse earlier policies and pay an estimated $195 million in dues it owes to the U.N. because, "The U.N. is a universal body and all nations should have a common responsibility...There are aspects of the U.N. we like and others we do not...But according to our new thinking we should take it as a package and behave properly...If all countries pay their obligations, we'll have an effective international system."

New English daily for Paris

PARIS(AFP).– British press magnate Robert Maxwell plans to launch an English-language European daily newspaper on January 1, 1989, to be produced in Paris, Maxwell announced here recently.k.

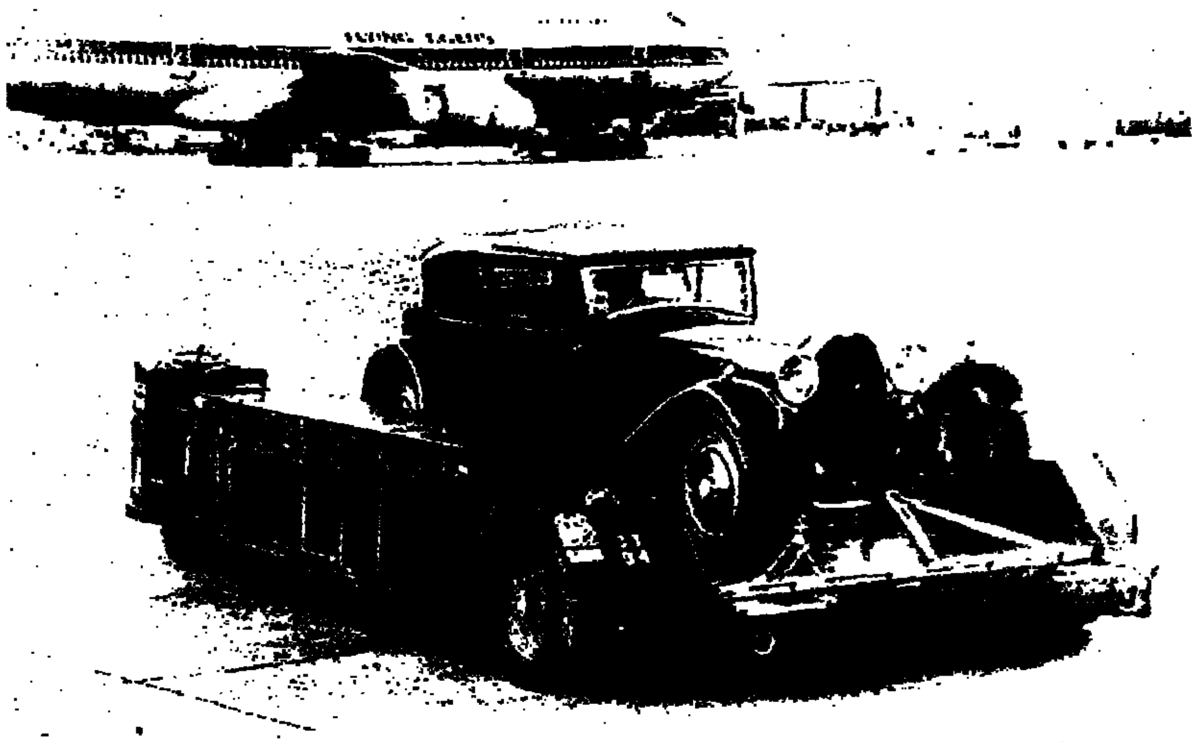
The paper, called the *European Daily*, will be published five days a week. It will be aimed at the "man in the street," and will be similar to the U.S. paper *USA Today*. The *European Daily* will have a small format and offer general news about European countries, both in and outside the European Comminity. There will also be one page devoted to Eastern bloc nations. Maxwell added that he hoped the unified EC internal market planned for the end of 1992 would stimulate the newspaper industry.

The new publication will also deal with scientific and medical developments. The Maxwell group is a world leader in this field, and publishes about 350 scientific reviews in Britain.

Working through his group and its affiliates this year, Maxwell acquired a 12.5 per cent of the share capital in the French TF1 television network, in which he is the most influential shareholder after French construction millionaire Francis Bouygues, as well as two-thirds of the share capital of Agence Centrale de Presse, which is managed by his son, Ian Maxwell.

Observers said that the failure earlier this year of Maxwell's *London Daily News* after five months, with a loss of tens of millions of pounds, and his unsuccessful attempt to take control of the southern France daily, *Le Provencal* have apparently not affected his morale.

Last month, he suggested to the Japanese daily *Yomiuri Shimbun* a plan for joint publication of an English-language "Japan daily," to be printed simultaneously in New York, San Francisco, London and Tokyo.


The ultimate collectors car, a 1931 Bugatti Royale, awaits collection at London Heathrow Airport. The car, one of only six ever made, is to be auctioned at the Royal Albert Hall in London on November 19 and is expected to make £5 million. (Reuter)

More arrests due in Guinness case

BY DAVID HOROVITZ
Jerusalem Post Correspondent

LONDON.–Last Thursday's arrest of merchant banker Roger Seelig has broken the Jewish monopoly on the Guinness scandal. But there are understood to be at least five further arrests in prospect, and it seems certain that the last prominent member of England's Jewish community has yet to step through the oak-pannelled doors of Bow Street Magistrates' Court.

Inevitably, given that the first four arrested in this affair were all Jewish – former Guinness chairman Ernest Saunders, stockbroker Tony Parnes, financier Sir Jack Lyons and tycoon Gerald Ronson – complaints have been heard that this is, at heart, a Jewish "witch-hunt", conducted by the fraud squad to get rid of the City's "kosher nostra", as the "Daily Mail" aptly if unkindly referred to them.

Objectively, however, this is most unlikely to be the case, particularly since the news media, for the most part, has not even referred to the Jewish origin of the defendants.

When *The Jerusalem Post* telephoned Seelig's former employers at Morgan Grenfell, indeed, to ask whether the former corporate finance director had made it five out of five for the Red Sea pedestrians, the merchant bank's public relations department was completely unaware of the fact that his four predecessors in the dock at Bow Street were Jewish.

Rather than any anti-Semitic purge on the part of the fraud squad then, the preponderance of Jews in the headlines surely stems from the fact that the operation to bolster Guinness's share price at the time of its takeover battle for Distillers was known by its organizers to be, at best, slightly dodgy. Seelig, allegedly, masterminded the planning, but when Saunders needed the funding, it was to his Jewish contacts -- allegedly through Lyons -- that he turned, knowing that they could be relied upon both to welcome the opportunity for making a fast buck, and to keep quiet about it afterwards.

Keep quiet they did, and it was not until New York insider-dealer extraordinaire Ivan Boesky began singing about Guinness, in a bid to escape imprisonment on a host of other charges, that the Department of Trade (DTI) here was alerted and began investigating the takoever, eight months after the event.

It seems hard to believe that, in all that time, Guinness's auditors had failed to notice the disappearance of a piffling 25 million pounds. But once the DTI brought it to their attention, the heads began to roll. Saunders was dismissed by Guinness, Seelig left Morgan Grenfell, and the new Guinness management cooperated with, indeed pushed the DTI investigation along, in the hope of recovering that £25m., allegedly paid out by Saunders in fees to the businessmen who'd obliged him by buying shares in Guinness in the crucial weeks of the takeover battle.

Ronson admitted receiving money in this way back in January, presumably when he realized that the share support cover-up was beginning to unravel. His £5.8m. payment, returned to Saunders' successor Sir Norman MacFarlane, consisted of a £5m. "success fee" – paid once Guinness had successfully beaten out Argyll for the £82.7b. Distillers takeover — and an £800,000 "insurance payment", which represented compensation to Ronson for losses incurred in selling off his Guinness shares at a price rather lower than that for which he had bought them.

Apart from Ronson's £5.8m. several other payments from the £25m. "inducement fund" have been returned, among them a £1.5m. sum that had been paid to Erlanger & Co., a subsidiary of Ephraim Margulies" S&W Berisford commodity company.

Since Ronson has been indicted despite returning his fee, it would be reasonable to suppose that Margulies has been holding conversations with his lawyers in recent days, especially as another Berisford subsidiary in America also bought £2.8m. worth of Guinness shares at takeover time. Margulies has stated, however, that this share purchase was made at the U.S. company's own initiative, and thus has no bearing on "Guinnessgate".

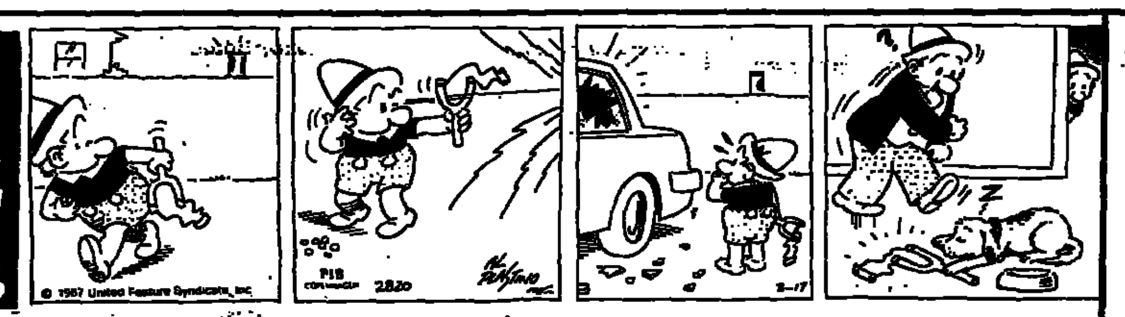
The fraud squad's spotlight is expected to turn to the U.S. this week, with investigation leader Det. Supt. Richard Botright reportedly planning to interview Boesky, who bought shares in Guinness and Distillers and who may have participated in the share support operation.

Also likely to come in for questioning are:

* Former Guinness finance director Olivier Roux, who is believed by some to have avoided charges thus far only by giving evidence against his former business associates.

* Washington-based lawyer Thomas Ward, another former Guinness board member who is understood to have been the linkman between Saunders and Boesky, and

(Continued on page 7)



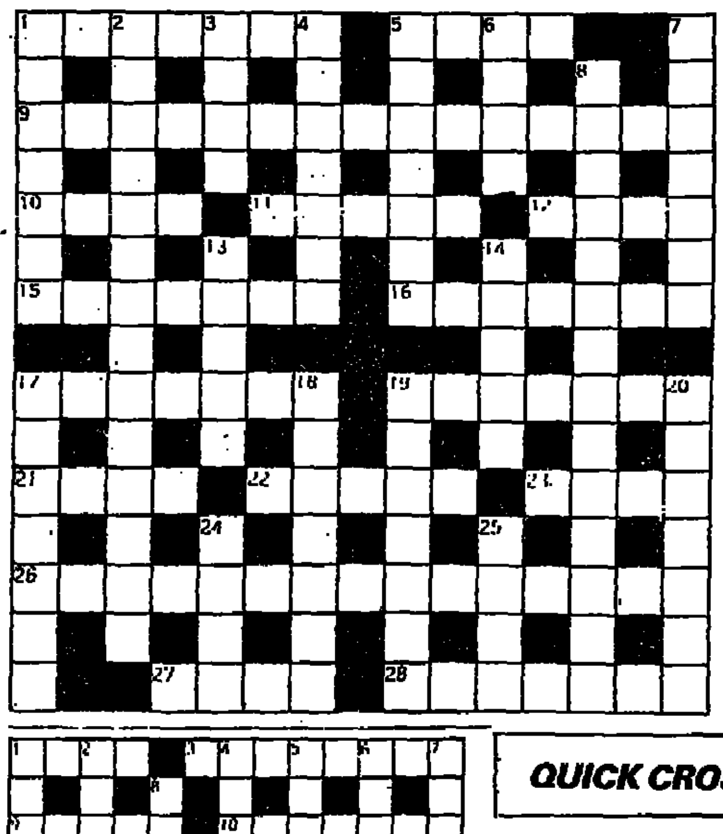
CROSSWORD

ACROSS

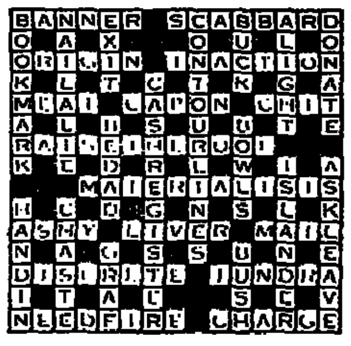
1 & 5 Flier in a flap, not knowing the words to sing? (7,4)
9 It gives cut in income, leaving Max nothing but put out (15)
10 Understood to be all right (4)
11 Ought to be tenacious: and is (5)
12 Ten served at the end of a chess game? (4)
15 Suggest writing about an Italian flower (7)
16 Trunk call in the wind (7)
17 Darlings of modern music makers? (7)
19 Looping the loop is a danger to road-users (7)
21 Isn't a cardinal point, observe (4)
22 Step outside Egypt's capital for concord (5)
23 Time to be sorry and adjust (4)
26 Such a conveyance seems putting the cart before the horse (8,7)
27 Handled soft material (4)
28 He is found among a motley crowd of milk-producers (7)

DOWN

1 The plea made for a feature of flamenco dancing (7)
2 Handy little stores of information (14)
3 Doctrines contained in one's writing (4)
4 Stick around a Greek island for a source of energy (7)
5 Girl game at the start (7)
6 Bring up at the stern (4)
7 Happy in substance (7)
8 It's a proper map I find put to a wrong use (14)
13 & 14 Expensive guest accommodation in silhouette form (5,5)
17 Terribly affected over a cut in pay (7)
18 Said to be a rebuff albeit cunning (7)
19 Main way to describe 22 (7)
20 Males indeed upset being corrected (7)
24 Highly-strung bird (4)
25 Source of quiet noise at the fo'c'sle head (4)



Yesterday's Solution



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M	E	A	L		C	A	P	O	N		C	H	I	T
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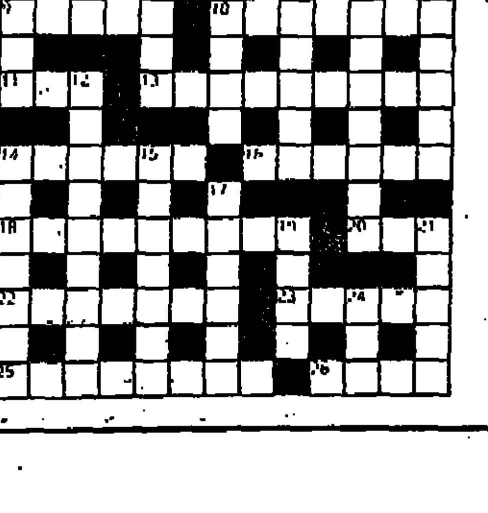
QUICK SOLUTION

ACROSS: 1 Shooting, 7 Align, 8 Ludicrous, 9 Cam, 10 Duel, 11 Blench, 13 Butler, 14 Clothe, 17 Loathe, 18 Writ, 20 Ten, 22 Lassitude, 23 Reeve, 24 Helpless, DOWN: 1 Solid, 2 Oddment, 3 Tuck, 4 Noodle, 5 Pitch, 6 Anemone, 7 Assault, 12 Tenable, 13 Bustard, 15 Torture, 16 Chaste, 17 Laden, 19 Tress, 21 Limp.



QUICK CROSSWORD

ACROSS

1 Blackthorn fruit (4)
3 Advancement (8)
9 Turn out (5)
10 Engine-room rating (7)
11 Tree (3)
13 Stamp-collecting (9)
14 Courteous (6)
16 Rely on (6)
18 Criminal court (3,6)
20 Precious stone (3)
22 Ling (7)
23 Crystal-clear (6)
25 Snaring (8)
26 Competent (4)

DOWN

1 Root vegetable (5)
2 Japanese sash (3)
4 Get back (6)
5 Hand-thrown explosive (7)
6 Segregate (anag.) (6,3)
7 Wandered (7)
8 Discontinue (4)
12 Sensational play (9)
14 Seer (7)
15 Small restaurant (7)
17 Former English coin (6)
19 Scream (4)
21 Tiny insect (5)
24 Young lion (3)

GENERAL ASSISTANCE

EMERGENCY PHARMACIES

Jerusalem: Kupat Holim Clalit, Romema, 523191; Balsam, Salah Eddin, 272315; Shu'afat, Shu'afat Road, 810108; Dar Aldawa, Herod's Gate, 282058.
Tel Aviv: Habima, 17 Dizengoff, 288465; Hashla-Kupat Holim Maccabi, 7 Hashla, 463371/6 (ext.43).
Ra'anana-Kfar Sava: Shuali, A. Joffe, Ra'anana.
Netanya: Netanya, 11 Rehov Herzl, 22842.
Krayot area: Merkaz Menachem, 29 Sderot Yerushalayim, Kiryat Yam Alef, 759441.
Haifa: Kupat Holim Maccabi, 6 Yalag, 672472.

DUTY HOSPITALS

Jerusalem: Bikur Holim (pediatrics, E.N.T.), Hadassah Ein Kerem (internal, surgery, orthopedics, ophthalmology), Misgav Ladach (obstetrics).
Tel Aviv: Rokah (pediatrics, internal, surgery).
Netanya: Laniedo

POLICE 100

Dial 100 in most parts of the country. In Tiberias dial 924444, Kiryat Shmona 4444.

FLIGHTS

24 – Hours Flight Information Services: Call 03-9712484 (multi-line), Arrivals Only (Taped Message) 03-381111 (20 lines)

FIRE 102

In emergencies dial 102. Otherwise, dial number of your local station as given in the front of the phone directory.

FIRST AID 101

Magen David Adom

In emergencies dial 101 in most parts of the country. In addition:

Ashdod 51332
Ashkelon 23333
Bat Yam *5511111
Beersheba 74767
Carmiel *988555
Dan Region *781111
Eilat 72333
Hadera *22333
Haifa *512233
Hatzor 936333
Holon *03133
Jerusalem *523133
Kiron 344442
Kiryat Shmona *944334
Nahariya *823333
Netanya *23333
Petah Tikva *9231111
Rehovot *451333
Rishon LeZion *42333
Safad 930333
Tel Aviv *5460111
Tiberias *790111

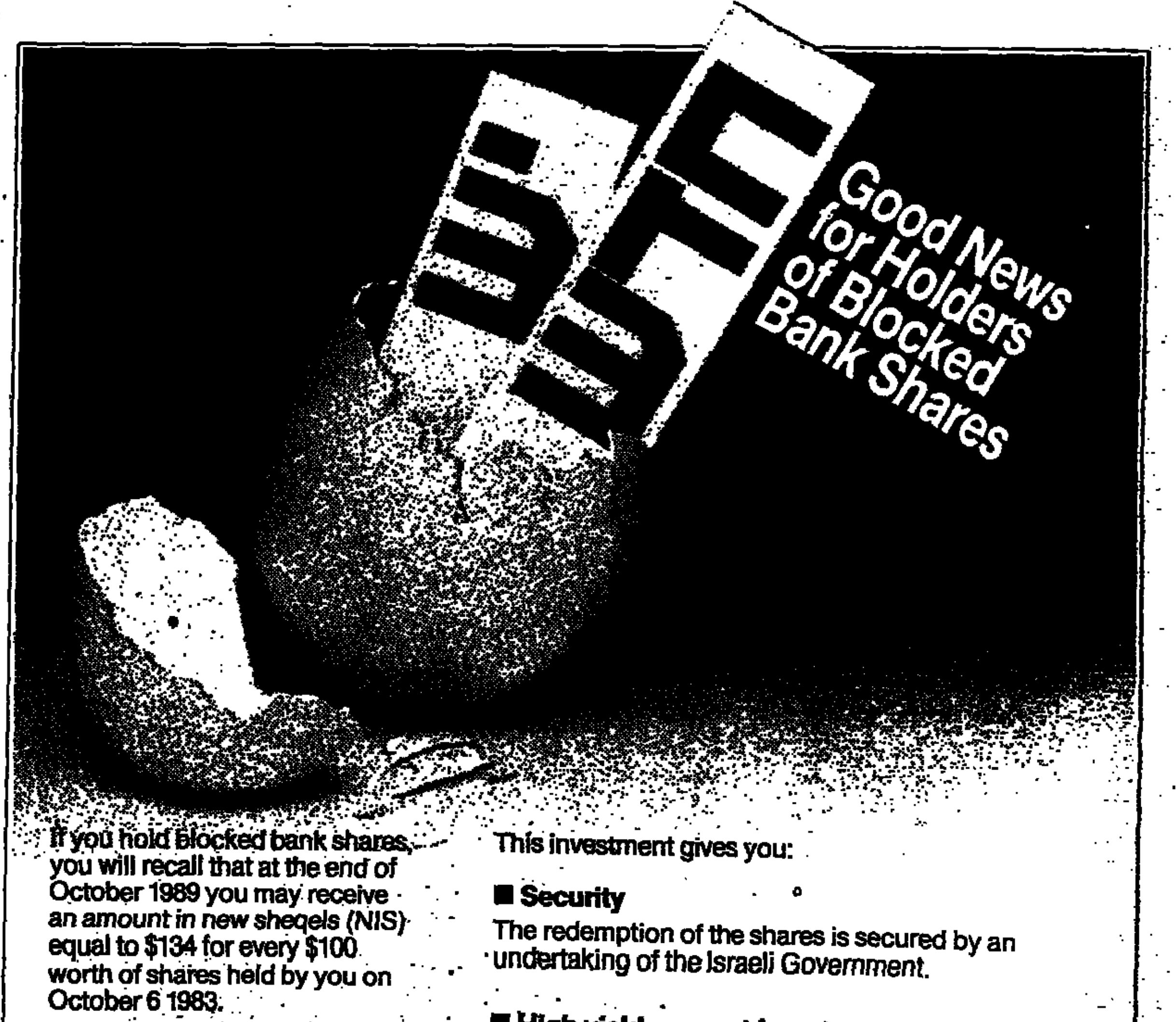
* Mobile Intensive Care Unit (MICU) service in the area, around the clock.

Eran – Emotional First Aid. Tel. Jerusalem 227171, Tel Aviv 5461111 (children/youth 03-261113), Haifa 672222, Beersheba 418111, Netanya 35316.

Rape-Crisis Centre (24 hours), for help call Tel Aviv, 234819, Jerusalem – 245554, and Haifa 660111.

The National Poison Control Centre at Rambam Hospital, phone (04) 529205, for emergency calls, 24 hours a day, for information in case of poisoning.

Kupat Holim Information Centre Tel: 03-433300, 433500 Sunday-Thursday, 8 a.m. to 8 p.m. Friday 8 a.m. to 3 p.m.


Good News for Holders of Blocked Bank Shares

If you hold blocked bank shares, you will recall that at the end of October 1989 you may receive an amount in new sheqels (NIS) equal to $134 for every $100 worth of shares held by you on October 6 1983.

You also have a right of early redemption in respect of these shares. If you exercise this right and give notice to your bank by October 20 1987 you will receive at the end of October a sum in new sheqels (NIS) equal to $112 for every $100 worth of shares held by you on October 6 1983.

However, before deciding when to redeem your shares, you should be aware of the additional new advantages of the shares, which have changed them into a unique form of investment in the Israeli money market.

This investment gives you:

■ Security
The redemption of the shares is secured by an undertaking of the Israeli Government.

■ High yield, exempt from tax
The price of $134 on final redemption represents an annual dollar yield of 9.4% over the next two years.

■ Linkage protection
Over the period from October 1987 to October 1989 you will receive dollar linkage as well as the said yield of 9.4% or linkage to the Consumer Price Index, whichever is the higher.

■ Liquidity
On November 1 1987 the shares will be listed for trading on the Tel Aviv Stock Exchange. So you will in practice have a liquid asset which you can realise at any time by sale on the Stock Exchange.

Now that you know all the terms, you can consider and decide for yourself what is best for you.
If you prefer not to redeem your shares now and to enjoy the improved terms - **just don't do anything!**
The improved terms will automatically apply to all the shares whose owners do not give alternative instructions to their banks.

So don't redeem your bank shares before checking what is best for you.

✂ Cut and keep, read before deciding

(Government Advertising Dept.)

Ministry of Finance

Exporters' demands threaten stability

FINE PRINT
SHLOMO MAOZ

The government is now in a dilemma as to whether it should give additional financial support to exporters or be indifferent to their profitability.

The exporters and the Industry and Trade Ministry have requested an increase in government incentives for exports by a furthur reduction in the employers' contributions to the National Insurance Institute or by a variety of other means.

Yoram Belizovsky, director-general of the Ministry of Industry and Trade, claims that since employers are paying 5.5 per cent more in Cost-of-Living allowances for their employees, they should be compensated for this by an additional cut in their NII payments, as has already occurred twice this year.

The main problem is the profitability of exports to the dollar bloc, mainly to the U.S. The continued weakening of the American dollar is a cause for these demands. For some years, when the dollar was running at its peak, exporters were persuaded to shift their exports to U.S. markets. But now these exporters are confused.

So are the economic ministries. While the Bank of Israel thinks the government should not rush to help exporters because of changes in their costs, the industry ministry thinks it should. The Treasury, is in a bind. On the one hand, it likes to see exporters take more responsibility for their own businesses and make better calculations concerning input costs such as labour, equipment and the need for efficiency. On the other hand, the Treasury is also quite keen on the importance of increasing the volume of exports. The result is that nothing has been done.

Bearing in mind that the government's declared policy is for less intervention in the economy, the government should not give additional support to exporters. If they lack the funds to pay their employees, they should either cut down on wages or cut back on their labour force.

In the knowledge that that the government would always compensate them, exporters never felt the need to rationalize their enterprises. It must also be noted that credit for exporters to the dollar bloc is financed in dollar terms and therefore these exporters do not suffer from the interest burden borne by manufacturers for the domestic market. Exporters are also enjoying higher productivity from their employees and thus are partially compensated for the higher wages they pay them. Increasing exports also helps them to utilize their capital.

There is no crucial problem with exports to the dollar bloc. The problem is caused by those people who ask too loudly for compensation for exporters. They can easily harm the economy by creating an atmosphere which calls for a devaluation – as a way to help exports – which would threaten economic stability.

Rush to redeem shares before the deadline

Post Economic Reporter

The capital market yesterday entered the final week of stage one in the bank shares arrangement. Holders of the $1.2 billion-worth of shares frozen in 1983, have until tomorrow to hand in their redemption notices to the banks. In return on October 31, they will get $112 for every frozen $100, according to the exchange rate for October 28.

Holders of shares who do not give notice will not receive any money. Their shares will be available for trade on the stock exchange from November 1. Holders waiting two more years will get their money linked to the dollar or the index and an additional 9.5 per cent annual yield.

All the large banks are keeping their branches open in the afternoons to aid the large number of customers wanting to serve their redemption notices. According to the latest estimates, notices for close to one-third of the shares have already been given.

The large sums expected to be freed in the coming weeks are leaving their imprint on the capital market. Banks are offering saving schemes, some of which begin this week although the actual payment will be made only after the money from the shares is released.

It is not only the banks who are trying to attract these shareholders' money. Some mutual funds have started special campaigns specially designed for this market.

But the major concern of the Treasury is how much the public decides to spend on private consumption although both the finance ministry and the Bank of Israel believe that eventually, most of the money will be channelled into savings. According to Treasury officials, around 70 per cent of the share money maturing at the end of the month will be rescheduled in the very short term.

The taxman's take

Following the payment of the 5.5 per cent Cost-of-Living allowance, below are the newly adjusted income tax brackets. Each tax credit point is now worth NIS 45.

Tax rates	Tax brackets in NIS
20%	until 1,010
30%	1,011 - 1,660
35%	1,661 - 2,370
45%	2,371 - 3,680
48%	3,681 - 7,973
52.8%	7,974 and upwards

Tax threshold	
For singles	506
Married with wife not working	731
Married with one child	956
Married with two children	1,124
Married with working wife and two children	956

GUINNESSGATE

(Continued from previous page)

who received £5.2 m. out of the inducement fund.

Three million pounds of this reportedly passed through a Swiss bank account belonging to Saunders, but Saunders denies have received any of it, and denies, in fact, having received a penny above his salary from anything related to "Guinnessgate".

* Israeli-American entrepreneur Meshulam Riklis, whose Schenley company has just sold back to Guinness the distribution rights for Distillers' products in the U.S., and who readily admits to having bought Guinness shares at the time of the takeover, claiming that, "In my position, and with my wealth, I do things I take a fancy to."

There are several other figures known to have been under fraud squad and DTI scrutiny, and a number of financial institutions – including U.S. merchant bank Henry Ansbacher, and the LF Rothschild finance house – have also been named as Guinness shares supporters.

Clearly, this investigation has some way yet to run, and several of its implications have yet to be fully considered:

For example, since it has been claimed that Saunders, Ronson, Lyons and co. are guilty only of the kind of shady dealing that is commonplace in the City, and that numerous City battles every month are fought with far dirtier tactics, how many other takeover deals ought to be under DTI investigation?

And why has the government's role in "Guinnessgate" gone virtually unnoticed so far? It should be remembered that, when Guinness first entered the field in the battle for Distillers, its bid was referred to the Monopolies Commission, since it was believed that Guinness already had too large a share of the UK drinks market.

After a complicated but largely superficial maneuver, Guinness – on paper – divested itself of its drinks market share, and sought government permission to have its original bid taken back out of the Monopoly Commission's hands, so that it could submit a new bid less likely to require referral.

Amazingly, in an unprecedented move, Guinness was indeed allowed to submit a new bid. The authorities, this time, found no need to refer Guinness to the Monopolies Commission, and Saunders was eventually able to secure the Distillers takeover.

Eyebrows were raised in early 1986, when the Guinness bids were flying to and fro. In the light of the scandal that has since been exposed, perhaps some of the government's more curious decisions at that time merit re-examination.

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Bank of Israel policy

Keep interest rates high for now

By AVI TEMKIN
Post Economic Reporter

The Bank of Israel is likely to keep interest rates at their present high level for the coming months despite planned changes scheduled for the near future in its monetary policy.

For some months now, the central bank has undergone a soul searching process, looking for new tools and targets for its monetary policy following the realization that it could no longer go on with the existing policies. The lengthy period of deliberation has led to criticism from government quarters as well as the banking community.

The new policy, which will be centred on a target defined by the Bank of Israel as the Net Domestic Credit. This will determine the volume of borrowing to be allowed in the economy, according to government and central bank officials.

But these officials said no reduction in interest rates should be expected in the coming months. The central bank does not want to take responsibility for such a step, they said. The officials added that the political echelon will eventually be forced to intervene when it emerges that high interest rates are hurting industry and agriculture, and preventing economic growth.

Meanwhile, the Bank of Israel yesterday announced the results of a tender for a two-week NIS300 million monetary loan it offered the commercial banks. It said the tender had been vastly oversubscribed by NIS420m. The NIS300m. was allocated at an interest rate of 23 per cent, slightly below the maximum rate the banks pay to the Bank of Israel for regular monetary loans.

The banking system reacted with disappointment to the results of the tender. Sources at commercial banks revealed that most of the sums made available by the central bank went to the small banks. The large banks are as short of shekels as they were before the tender was published, the sources said. They criticized the Bank of Israel for the way it had dealt with the shortage saying "If they wanted to solve the problem they should had offered a much larger loan."

Bank of Israel officials admitted that the relatively small sum of NIS300m. was offered since the bank wanted to keep interest rates high. They said the central bank had to think about what they termed "monetary considerations."

Tel Aviv Stock Exchange

Indexes

General Share	25 Share	General Bond
129.02 0.15%	157.27 0.52%	120.94 0.19%

Shares Movements

Advances	Unchanged	Declines
153	116	149

Selected Prices

Name	Price	Volume NIS	% change
Commercial Banks (not part of arrangement)			
OHH	22750	-	-
Maritime 0.1	n.t.		
General non-arr.	17850	43	+2.0
FIBI	9197	1879	+0.7
Commercial Banks (part of arrangement)			
IDB	102816	512	-0.8
Union 0.1	76510	298	-1.0
Discount	131380	303	-0.5
Mizrahi	42500	1679	-0.0
Hapoalim r	68810	3872	-0.4
General A	178750	14	+0.1
Leumi 100.0	44360	7828	-0.4
Fin. Trade	59200	35	+0.3
Mortgage Banks & Finance			
Leumi Mort. r	9800	-	-
Dev. Mort.	2660	888	+1.1
Mishkan r	3751	502	+2.3
Tefahot r	21180	100	-
Merav r	8300	154	+2.1
Leumi Ind.	13800	13	-
Clal Leasing 0.1	23500	11	+1.2
Insurance			
Ararat 0.1 r	1100	1041	+7.0
Phoenix 0.1	774	7281	-
Hamishmar 1.0	6400	169	+2.6
Menorah 1	2138	5	-1.0
Sahar r	393	1808	+2.1
Securitas	1225	250	-
Zion Hold. 1	5879	10	-1.0
Trade & Services			
Integrama 1.0	979	1386	+2.0
Meir Ezra	1011	2323	-
Crystal	825	1544	+1.0
Supersol a	14350	172	-1.0
Lighterage 0.1	900	1324	+2.6
Cold Storage 1.0	1156	726	-
Dan Hotels 1.0	1581	200	+2.0
Coral Beach	7540	29	+1.3
Yarden Hotel	2760	70	+1.1
Hilon 1.0	727	2476	+6.7
M.L.L. 1.0	14900	16	-1.3
Team 1.0	690	556	+2.2
Real Estate Building and Agriculture			
Al-Rov	350	3956	+4.8
Africa Isr. 0.1	52900	29	+0.4
Ariadan	2590	628	-2.3
Dankner	6400	52	-0.3
Y.E.C.	318	6200	-0.9
Bayside 0.1	4875	530	-3.0
Isras	20199	107	-
Azorim Props.	330	2000	-
Mehadrin	6840	244	-
Hadarim Prop.	1752	400	-1.7
Industrials			
Dubek	5800	850	-
Tempo 1.0	36099	15	+6.2
Sunfrost	17900	66	-0.8
Assis	413	5045	-
Adgar	590	1786	-4.8
Argaman	13500	71	-2.9
Delta Galil	3085	1656	+1.0
Lodzia	969	642	-10.0
Ligat	296	3125	-1.7
Polgat	1750	254	-0.8
Gibor Sabrina	9306	94	-10.0
Urdan 0.1r	10250	65	-
Wire&Cable	408	2983	-0.7
Zion Cables 5.0	n.t		
Pecker Steel	2810	1759	-1.9
Elbit	418000	35	-3.5
Electra 0.1	2208	1319	-0.0
Aryt	23900	244	-4.4
Spectronix 1.0	1490	90	-
T.A.T. 1.0	1260	43	+4.0
Y.P. Clal	188	15967	+1.1
Ackerstein 1.0	629	2087	+3.8
Agan	2080	2116	-1.0
Aliance	2150	150	+0.9
Gal Indus. 1.0	740	816	-1.3
Fertilizers 0.1	3700	100	+3.5
Haifa Chemicals	980	7150	+1.0
Periclase	521	1814	-3.5
Frutarom	60000	69	+0.0
Keter	236	3750	-1.7
Koor p	7840	318	-2.0
Investment Companies			
Wolfson 1 r	121000	-	-
Hapoalim Inv.	954	7358	+1.0
Mizrahi Invest.	34899	11	-0.0
Paz Invest.	2900	1113	-1.0
Pama 0.1	8750	148	+3.6
Piryon	15200	431	-
Yisum	200	9599	-
Oil Exploration			
Paz Oil Expl.	26700	23	-
J.O.E.L.	610	34026	-

Abreviations:
a.o. sellers only — b bearer
p.o. buyers only — r registered
n.t. no trading

25 Shares

	Morning			Afternoon		
Name	Price	Volume NIS	% Change	Price	Volume NIS	% Change
First Internat'l	8650	72.8	+1.00%	8757	65.4	+1.20%
Hassnah r	289	83.5	+1.50%	291	27.7	+0.70%
Clal Trading	449	48.1	+1.00%	447	21.5	-0.40%
Supersol B	11274	31.6	+1.25%	11330	14.3	+0.50%
Delek r	2772	240.9	+0.25%	2772	34.5	-
Africa-Isr. 1.0	44504	80.3	+0.50%	44504	10.6	-
Azorim	1089	108.0	+1.25%	1089	26.1	-
Prop. & Building.	3442	.0	n.c.	3442	18.8	-
ILDC r	73575	264.9	+5.00%	73571	71.3	-
Clal R Estate	772	17.0	+0.25%	768	15.2	-0.50%
Elite	16668	46.8	+0.75%	16585	28.8	-0.50%
Polgat B	1003	10.5	n.c.	1003	10.4	-
Is. Can Co. 0.1	4549	23.2	+1.50%	4482	23.1	-1.50%
Elron	307237	30.7	+0.50%	307237	9.2	-
Teva	12588	99.3	-1.75%	12588	114.5	-
Dead Sea	2835	47.5	n.c.	2835	8.8	-
Petrochem	907	226.5	+1.25%	907	34.9	-
AIPM	387358	193.7	n.c.	387358	30.9	-
Central Trade	14092	25.4	+1.00%	13952	12.9	-1.00%
Clal Industries	247	59.4	+1.00%	247	25.1	-
IDB Develop.	9722	109.0	+0.25%	9722	54.6	-
Ellern	1212	31.5	+1.75%	1197	15.9	-1.20%
Israel Corp.	4726	121.0	+1.00%	4726	46.7	-
Discount Invest	2708	84.5	+1.00%	2728	23.0	+0.70%
Clal 1.0				1300	74.2	-

Statistics

Stock Indices

General Share (excl argmt.)	139.91	+0.19%
Non-argmt.	195.14	+1.38%
Arrangement Banks	122.07	-0.45%
Mortgage Banks	142.12	+0.67%
Financial Inst.	128.49	+0.31%
Insurance	99.32	+0.89%
Commerce & Services	139.52	+0.35%
Real Estate & Agric.	126.25	+0.56%
Industrials	138.76	-0.40%
Food & Tobacco	120.35	+1.74%
Textiles	127.27	-1.22%
Metals	126.35	-0.64%
Electronics	112.66	-1.52%
Chemicals	151.41	-0.49%
Industrial Invest.	162.11	+0.04%
Investment Cos.	160.88	+0.71%
Oil Exploration	130.88	+0.28%
Parallel List	85.79	-0.24%

Bond Indices

Index-linked Bonds	120.78	+0.22%
Fully linked	123.31	+0.29%
Partially linked	118.17	+0.04%
Foreign Currency	118.74	-0.07%
FC denominated	113.42	-0.16%
FC linked	122.91	-0.04%
Short-term 0-2 yrs	118.22	+0.11%
Short-medium 2-5 yrs	120.62	+0.22%
Medium-long 5-7 yrs	123.95	+0.14%
Long-term 7 + yrs	125.40	+0.24%

Turnovers

Total Shares	NIS 17,910.1
Non-arrangement	NIS 9,275.0
Arrangement	NIS 8,635.1
Bonds	NIS 13,799.6
Treasury Bills	NIS 1,147.9

Share Movements

Advances	153	(246)
of which 5%+	13	(39)
buyers only	1	(2)
Declines	149	(48)
of which 5%+	26	(4)
sellers only	4	(2)
Trading Halt	43	(19)

Bond Market Trends

Index-linked:	
3% fully linked	Mixed to 1%
4.25% fully linked	Mixed 0.5%-1%
80% linked	Falls to 1%
Double linked:	Falls to 2%
Rimon	Mixed to 1%
Gilboa	Mixed to 2%
FC denominated	no change
T-bills	13.15%-14.90%

Arrangement Yields

IDB ord.	12.01%
Union 0.1	11.89%
Discount A	11.89%
Mizrahi R.	22.66%
Hapoalim R.	12.08%
General A.	11.49%
Leumi Stock	12.06%
Fin. Trade 1	11.40%

ISRAEL MONEY MARKETS

Shekel Deposits (annual rates)

Bank Last Updated	Deposit Size	Pachak	7 days	14 days	30 days
Leumi (Oct. 14)	40-1,000	-	7.00	8.00	9.00
	1,000-1,000	12.25	11.50	13.00	14.00
	10,001-50,000	12.50	12.50	14.00	15.00
	50,001-1000,000	12.75	12.75	14.25	15.25
	500,001-1m.	13.00	13.00	14.50	15.50
Hapoalim (Sept. 7)	Up to 999	6.00	6.00	6.50	6.75
	1,000-9,999	11.00	11.00	11.50	12.50
	10,000-49,999	11.50	12.50	12.00	13.00
	50,000+	12.00	12.00	12.50	13.50
Discount (Oct. 9)	50-999	6.00	7.00	8.00	10.00
	1,000-9,995	12.00	11.00	10.00	14.00
	10,000-49,995	12.50	12.50	14.00	15.00
	50,000-99,995	12.50	12.50	14.00	15.00
	100,000+	14.00	15.50	16.50	16.50
Mizrahi (Sept. 20)	40-1,000	9.0*	6.00	7.00	9.00
	1,001-5,000	10.**	10.00	10.00	12.00
	2,501-5,000	12.00	12.00	12.00	14.00
	5,001-10,000	13.00	13.00	13.00	15.00
	10,001-50,000	13.50	14.00	14.00	18.10
	50,000+	14.00	14.00	14.00	18.10
First Intl (Oct. 4)	50-999	-	8.90	9.10	9.60
	1,000-4,999	11.00	11.50	13.00	14.50
	5,000-9,999	11.50	12.00	14.10	15.00
	10,000-49,999	12.50	12.50	14.30	15.40
	50,000+	13.00	13.00	14.60	15.60

Patah (foreign currency deposit rates, Oct. 18)

Currency (min. deposit)	3 MONTHS	6 MONTHS	12 MONTHS
U.S. dollar (100,000)	8.125	8.250	8.625
Pound sterling (£100,000)	8.500	8.750	9.000
Deutschmark (DM 200,000)	4.000	4.000	4.250
Swiss franc (SF 200,000)	3.500	3.500	3.500
Yen (3 million yen)	3.625	3.750	4.000

SOURCE: BANK LEUMI. Rates vary according to size of deposit.

Shekel Foreign Exchange Rates (Oct. 18)

	CHEQUES AND TRANSFERS		BANKNOTES		
	Buy	Sell	Buy	Sell	Rep. Rates
Currency basket	-	-	-	-	1.8819
U.S. dollar	1.55	1.62	1.55	1.62	1.5963
Deutschmark	0.86	0.91	0.86	0.90	0.8857
Pound sterling	2.58	2.71	2.57	2.68	2.6646
French franc	0.25	0.27	0.25	0.27	0.2654
Japanese yen (100)	1.09	1.15	1.09	1.14	1.1198
Dutch florin	0.76	0.81	0.77	0.80	0.7873
Swiss franc	1.04	1.09	1.04	1.09	1.0700
Swedish krona	0.24	0.26	0.24	0.26	0.2517
Norwegian krone	0.23	0.25	0.23	0.25	0.2418
Danish krone	0.22	0.24	0.22	0.23	0.2309
Finnish mark	0.35	0.38	0.36	0.37	0.3669
Canadian dollar	1.20	1.26	1.19	1.25	1.2286
Australian dollar	1.12	1.20	1.09	1.20	1.1528
S. African rand	0.49	0.69	0.50	0.60	0.7788
Belgian franc (10)	0.41	0.43	0.41	0.43	0.4249
Austrian schilling (10)	1.22	1.29	1.22	1.28	1.2587
Italian lira (1000)	1.19	1.28	1.19	1.25	1.2264
Jordanian dinar	4.43	4.73	4.38	4.85	4.5654
Egyptian pound	0.63	0.68	0.68	0.72	0.7173
ECU	-	-	-	-	-
Irish punt	-	-	-	-	-
Spanish peseta (100)	-	-	-	-	-

SOURCE: BANK LEUMI.

Foreign Markets

EUROPEAN FINANCIAL MARKETS (Oct. 15)

Precious Metals

Gold	London	a.m. fix	464.25
	London	p.m. fix	465.25
	Paris	noon fix	466.57
	Zurich	p.m. fix	467.25
Silver	London	Spot fix	-
Platinum	London	p.m. fix	585.50

SOURCE: MARINE MIDLAND BANK

Libor Rates

	1 month	3 months	6 months
Sterling	9 15/16	10 5/16	10 1/2
Dollar	8 1/16	9 3/16	9 5/16
S-franc	3 7/16	4 1/2	4 1/2
D-mark	4 1/16	5 1/16	5 1/8
Yen	4 1/8	5 1/16	5 3/16

Foreign Currency Crossrates (London 15:30 GMT)

Forward rates	Spot	3 months	6 months	12 months
Pound sterling	1.6640/50	88/86	177/172	-
Deutschmark	1.8005/12	187/182	364/359	-
Swiss franc	1.4920/30	160/155	332/327	-
Dutch florin	2.0275/85	158/155	313/308	-
French franc	6.0125/55	10/25	95/130	-
Japanese yen	142.35/45	72/70	137/132	-
Italian lira	1301.00/50	975/1050	2050/2150	-
Belgian franc	37.460/470	22/19	38/31	-
Canadian dollar	-	-	-	-
ECU	1.1531/32	33/37	60/66	-
S. African rand	0.4870/77	9/6	80/70	-
Austrian schilling	12.67.20/70	1350/1230	2780/2540	-
Swedish krona	-	-	-	-
Norwegian krone	6.5980/10	740/760	1400/1440	-
Danish krone	6.9150/75	90/140	260/360	-

Share indices

Commerzbank 60 stocks .... 1,876.6-26.0   Financial Times 100 stocks 2,264.4-25.0

NEW YORK FINANCIAL MARKETS (Oct. 15)

U.S. Money Rates

Prime rate 9.75-9.25%
Broker loan 8.75-9.00%
NY Euros (3 months) 9 3/16-1/16
Fed funds (late) 7¼%
Long term bond 87 26/32-
Discount rate 6%

New York Foreign Exchange

	DMK	SFR	STG	YEN	CAN
Latest	1.7980/97	1.4895/05	1.6660/70	142.40/50	1.2964/69
High	1.8040	1.4955	1.6665	143.03	1.2985
Low	1.7955	1.4870	1.6607	142.15	1.2960

Comment:
The dollar ended mostly lower in quiet trading, weighed on by the sharp fall of more than one hundred points in the Dow Jones Industrial Average. The Dow's drop, and weakness in the U.S. bond Market, prompted concern about whether foreigners will continue to hold dollar assets. Dealers also are concerned about the slow decrease in the U.S. trade deficit.

Precious Metals

Gold	Spot	470.55	Silver	Spot	7.88
	Prev close	460.45		Prev close	7.71

Wall Street (Prices as of 16:00 GMT)

Market Indices			NYSE Highest Volume		
DJ Industrials	2,246.74	-108.35	Att	30	-2⅛
DJ Transport	941.65	-38.59	Exxon	43¾	-3
DJ Utils	190.14	-6.46	IBM	135	-5⅛
Stocks	839.77	-37.11	Gen Elec	50⅝	-3
NYSE Comp	159.13	-8.32	East Kodak	90⅛	-2⅞
NYSE Inds	191.83	-10.61	Gillette	32¾	-3⅜
NASD Cmop	406.33	-16.18	Allegis	93⅞	-3⅛
S-P 100 Index	274.68	-15.40	Nat Semi	17¼	-1¾
S-P Comp	282.70	-15.38	Amer Expr	30½	-3
S&P OTC 250		-1.66	Santa Fe	61	-5¼

Statistics

NYSE	Volume	343,204,570	NASDAQ	Volume	159,775,800 (Oct 15)
	Stocks up	49		Stocks up	748
	Stocks down	1,425		Stocks down	1761

Comment:
The stock market suffered its worst one-day beating yet in the busiets trading session ever. Investors sold stocks by the fist-full, and waves of futures-related program trades accelerated the decline.

The Dow Jones Industrial Average fell a record 108 points to 2247, eclipsing the previous one day point decline of 95 points set just two days ago. In only three trading sessions, the indeax has tumbled about 261 points.

Israeli Stocks Traded in New York

NYSE/Amex	Last	Prev. close	High	Low	Vol. ('00s)
Alliance	—	1⅞	—	—	—
Am Isr Pap	25⅛	25¾	25⅞	25⅝	28
Ampal	2⅝	2¾	2¾	2⅝	224
Carmel Cont	7⅞	8⅛	8	7⅞	5
Elscint	1½	1½	1½	1½	49
Etz Lavud	8⅝	8¼	8⅝	8⅝	2
Laser Inds	9¼	10⅝	10⅝	10⅛	183

Over-the-Counter	Last	Bid	Ask		Last	Bid	Ask
Ampal	—	7⅞	8¼	IDB Bank	—	—	—
Aryt	—	5⅞	6	IIF	3⅞	3⅞	4¼
Bank Leumi	—	—	—	Interpharm	—	3½	4¼
Biotech Gen.	5½	5½	6	Optrotech	10¼	10¼	11
Elbit	7¼	7¼	7½	Oshap	—	3½	4
Elde	—	2⅛	2⅝	Rada	—	2⅛	2½
ECI Tel	3½	3¼	3⅝	Scitex	3	2¾	3⅛
Elron	5⅝	5⅝	5¾	Taro Vit	—	1	1¼
Fibronics	4	3⅞	4¼	Tevapharm	—	8½	8¾
Galagraph	—	2	2¼				

OVERSEAS FINANCIAL DATA
PROVIDED BY REUTERS MONITOR

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Founded under grants from
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The Sapir Centre for Development (Tel Aviv University) and
The Falk Institute for Economic Research (Hebrew University)

Anniversary Symposium

on the occasion of the 80th anniversary of the birth of the late Pinhas Sapir

Programme:

I. **The Sapir Forum Inauguration Lecture**
The Israeli Economy From Stabilization to Growth: New Challenges.
Professor ASSAF RAZIN, Director, the Sapir Forum.

II. **Panel Discussion on**
Privatization as a Facilitator of Growth
Participants:
Introduction:
Professor **Eytan Sheshinsky,** The Hebrew University
Professor **Eitan Berglas,** Tel Aviv University
Mr. **Aharon Dovrat,** Director, Clal (Israel) Ltd.
Mr. **David Golomb,** Head of Planning, Koor Industries Lt.
Mr. **Zeev Refuah,** Director, Government Enterprises Authority
Prof. **Pinhas Zusman,** Hebrew University

Moderator:
Professor **Reuven Gronau,** Deputy Director, the Sapir Forum

This event will take place on Wednesday, October 21, 1987 at 7:30 p.m. at the Efter Hall, Naphtali Building, Tel Aviv University

– The public is invited –

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